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East Asia

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Daily Report

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Japan

Japan: Perry, Saito To Redouble Efforts on Okinawa Issue

OW0904032796 Tokyo KYODO in English
0142 GMT 9 Apr 96

[FBIS Transcribed Text] Washington, April 8 KYODO — Defense Secretary William Perry and Japan's ambassador to the United States agreed Monday [8 April] to redouble efforts for progress on the issue of U.S. military bases in Okinawa, a Japanese official said.

The accord was reached when the envoy, Kunihiro Saito, visited Perry at the Defense Department to make final arrangements ahead of President Bill Clinton's visit to Tokyo next week.

The official quoted Saito as telling Perry that the two nations need to make their "utmost efforts in cooperating for another step forward toward easing the burden of Okinawa."

Perry agreed with Saito, reiterating that he would visit Japan a few days ahead of Clinton to seek as much progress as possible before the president's visit, the official said.

During or before Clinton's visit, Washington and Tokyo are planning to issue an interim report of their joint action committee established last November to find a solution within a year for consolidating, realigning and reducing the heavy U.S. military presence in Japan's southernmost island prefecture of Okinawa.

The action panel was set up in the wake of public outcry in Okinawa against U.S. bases following the rape last September of a schoolgirl there, in which three U.S. military servicemen were found guilty in March.

The official said Saito also conveyed Japan's intention of holding a so-called two-plus-two ministerial meeting on bilateral security issues during Perry's visit.

The meeting involves the two nations' defense and foreign ministers.

Japan: Study of Defense Activities With U.S. Urged

OW0904035096 Tokyo KYODO in English
0152 GMT 9 Apr 96

[FBIS Transcribed Text] Tokyo, April 9 KYODO — Japan should quickly begin studying the feasibility of carrying out defense activities near its territories in cooperation with the United States under the bilateral security treaty, the top government spokesman said Tuesday [9 April].

Japan's 50-year-old constitutional taboo of collective defense, on the other hand, should require a longer term

of study, Chief Cabinet Secretary Seiroku Kajiyama said.

Defense cooperation with the U.S. to deal with cases that take place near Japan is something between Tokyo's own defense and collective defense, Kajiyama told a morning press conference.

The government would not immediately change its recognition that Japan cannot resort to the right of collective defense because it goes against the country's peaceful Constitution, he said.

Japan: 'Legal Vacuum' at Sobe Site Afflicts Government

OW0804153096 Tokyo YOMIURI SHIMBUN
(Morning Edition) in Japanese 5 Apr 96 p 3

[By Takashi Shibata]

[FBIS Translated Text] A sense of crisis in the government over expiration of the lease on the land plot inside the U.S. forces' Sobe Communications Site on Okinawa deepened further when Prime Minister Ryutaro Hashimoto announced on 4 April his intention to consider a special law to ensure the use of land for the U.S. military.

Regarding the land in question, the government has requested the Okinawan prefectural expropriation committee to approve its six-month emergency use. However, the current situation makes it hard for the committee to grant an approval before U.S. President Bill Clinton's Japan visit on 16 April. Even if the emergency use is approved, the government will face difficulties in obtaining approval for compulsory use of the land within six months. Behind the prime minister's announcement is the government's concern over a possibility of another "legal vacuum" at the Sobe facility.

If deliberations at the Okinawan expropriation committee drag on, the worst-case scenario would be the expiration in May 1997 of 12 other lease contracts in addition to "Sobe," including Kadena Air Base. The "rebellion of Okinawa" is forcing the government to face an increasingly difficult situation.

The prefectural expropriation committee will start deliberations on the emergency use of Sobe at a regular meeting on 12 April. But the committee will hardly grant an instant approval after only one meeting, because its seven members — selected by Okinawa Governor Masahide Ota (three university professors and four lawyers) — wanted to handle the case cautiously by conducting on-the-spot investigations and collecting opinions from landowners. "As long as we have a request for the emergency use, the committee will have

more meetings in addition to the regular monthly meeting if members' schedules allow," says the committee's administrative office. Nevertheless, a state of "legal vacuum" at the Sobe facility appears to continue for a while, even after 12 April.

Even if the "emergency use" is accepted after several sessions and the government restores its legal jurisdiction over the land in question, it is uncertain whether the committee will reach a ruling to approve compulsory use of the land within six months.

The expropriation committee will first send a request form for compulsory use to the heads of the nine local municipalities concerned and then ask them to begin the public notification and circulation procedure. But seven of them indicated in a YOMIURI SHIMBUN interview their intention to reject the committee's requests. It is unlikely that Ota, who is appealing to the Supreme Court over the proxy signing, will agree to go through the procedure on their behalf. This means that the prime minister must file another lawsuit to order Ota to perform his duties, win the case, and then follow a two-week legal circulation procedure himself.

The Fukuoka High Court, Naha branch, needed three and a half months to reach a judgment in the recent proxy signing case. Although the new case will also be brought to the same judge in the same court, it is expected to take several months until the prime minister finishes the circulation procedure. Only then will the prefectural expropriation committee begin deliberations and hold public hearings with landowners.

In 1992, when the expropriation committee was formed under the Okinawan government, which was dominated by conservatives at that time, eight public hearings were held with 585 landowners (518 of them were anti-military landowners). The committee reached a ruling six months after the first public hearing.

This time, 3,200 landowners are expected to be called in (2,885 of them are anti-military landowners), and an increasing number of Okinawans are now demanding a solution to the base problems. In this context, a confrontation between the government and landowners at the upcoming hearings is likely to become more intense than the last one.

Will the series of legal procedures the government needs to obtain the right of compulsory use end within the six-month "emergency use" period? The possibility is extremely slim. In that case, another "legal vacuum" will take place at "Sobe" because the emergency use period cannot be extended.

What is worse, if confrontation at the public hearings continues and the prefectural expropriation committee

insists on handling the case in a cautious manner, the conclusion may not be formed before 14 May 1997, when leases of other land plots besides "Sobe" that are subject to compulsory use will expire.

Citing "the obligation to provide facilities to the U.S. forces under the Japan-U.S. Security Treaty," the government rejected a landowner's demand and continues holding "Sobe." At the same time, the government is increasingly worried because "if we allow the legal vacuum to happen over and over, it may ignite 'anti-base' and 'anti-security treaty' sentiments in Japan" (a government source).

Japan: OKINAWA TIMES Editorializes on SACO Interim Report

OW0904102496 Naha OKINAWA TIMES (Morning Edition) in Japanese 9 Apr 96 p 5

[Editorial: "Perfunctory Base Reduction Program"]

[FBIS Translated Text]

Clearly State Plans for Returning Bases

"After all, it has belied our expectations." "As expected, it was rather improper for us to put our expectations on the government." These are reactions of the general public to the details of an interim report to be issued by the Special Action Committee [SACO] on facilities and areas on Okinawa.

It is true that negotiations between Japan and the United States on realigning and reducing U.S. military bases in Okinawa conducted so far have been too perfunctory. The details of the accord worked out through talks between the two governments up to 7 April can be said to be a typical example.

A conclusion on base realignment and reduction is expected to be worked out in November, and there will probably be either some review or revision of the program in the meanwhile. However, the program worked out so far will never satisfy the Okinawan people, because they feel the position taken by the Japanese Government has become increasingly retrogressive, day after day.

Last February, Prime Minister Ryutaro Hashimoto changed his schedule intentionally and made a sudden visit to the United States for talks with U.S. President Bill Clinton. The purpose of this visit was "to strengthen personal relations of trust between the two leaders." However, the Okinawa issue was naturally one of the focal issues for talks.

Reportedly, Prime Minister Hashimoto brought up the Futenma air base [Marine Corps Air Station Futenma],

a major plan for base realignment and reduction, as an example and asked for U.S. cooperation. Following the talks, Prime Minister Hashimoto spoke as if progress had been made in settling the Futenma issue.

However, the governmental talks merely concluded that returning Futenma will be a "task" for the base realignment and reduction program, thereby indicating only that efforts will be made to have the air station either returned or reduced.

Compared with the prime minister's position at the Japan-U.S. talks, in which he specifically cited the name of a base as an example, the interim report apparently indicates a retrogressive approach. Therefore, it is only natural for the Okinawan people to feel disappointed.

Located in the downtown area, the Futenma base is extremely dangerous. Since the noise pollution caused by airplane engines is very serious, the livelihood of the citizens has been seriously affected; this facility has to be abolished as soon as possible. It is listed as the top priority on the action program for the return of bases worked out by the prefectural government.

In this connection, every time the possibility of returning this base has been reported since the talks between Japan and the United States, Okinawan people have been agitated, first optimistic and then pessimistic.

However, now that a decision has been made on postponing the return of this base while merely stating the plan as a future "task," Okinawan people will be asked to "live with dangers" for a prolonged period now. The decision will forcibly impose damages arising from bases, and we cannot but ask this question: "How long will we be asked to bear this?"

A senior official of the Ministry of Foreign Affairs (MOFA) states that "since the return of the Futenma airfield is clearly listed as a task that has to be carried out in the interim report, this common understanding will lead to future settlement." We have to say this statement is nothing but serious sophistry.

This point will become clear if we take a look at the reality that some of the bases — the return of which was agreed upon when Okinawa was returned to Japan — have not been returned yet. For about 24 years, no settlement of the return of facilities has been made, even though an accord was reached. To list the return as merely a "task" is tantamount to indicating that there is no hope at all. Instead of listing the return plan as a "task," it should be clearly stated that the bases will be returned.

Measures Paying No Attention to Okinawan People's Pain

We cannot but feel that the government has recently taken retrogressive measures in dealing with the U.S. military bases issue, let alone the measure to deal with the Futenma issue. The Murayama administration of the former Socialist Party of Japan (SDPJ) has been turned over to the Hashimoto administration of the Liberal Democratic party (LDP); there have been certain moves in North Korea (the DPRK); and China has conducted military exercises in connection with the presidential election in Taiwan. These environmental changes must have caused the government to change its approach. Yet we are certainly disappointed that the government seems to have lost its enthusiasm and has taken such a soft-line approach towards the United States.

In his policy speech delivered on 22 January, Prime Minister Hashimoto indicated his determination to make sincere efforts to realign and reduce U.S. military bases on Okinawa. As a result, people have come to cherish certain expectations.

In the same speech, the prime minister stated: "On the question of the U.S. military facilities and areas in Okinawa, I am determined to make every effort to proceed with the realignment, consolidation, and reduction of these facilities and areas and to achieve a tangible improvement in noise, safety, training, and other issues in the recently established SACO and other forums, in harmony with the objectives of the Japan-U.S. security treaty, so as to further enhance bonds of trust between Japan and the United States and find a solution that pays maximum consideration to the sorrow and suffering of the people of Okinawa over the years."

Nevertheless, however you may look at the SACO's interim report, it will be difficult to say that consideration has been given to the sorrow and pain of the Okinawan people.

Japan-U.S. Negotiations Showing Lack of Depth

It is reported that the interim report not only lists the return of the Futenma airfield as a "task"; it will not mention anything at all about Kadena Air Base, which is an issue of great concern to the Okinawan people. Perhaps the U.S. side has unilaterally pushed its way through.

Moreover, the interim report is expected to incorporate such plans as return of part of the Northern Training Field; consolidation and reduction of barracks through construction of high-rise residential buildings like those at Camp Zukeran; and a pledge to observe a noise prevention accord. However, even with these measures,

it will hardly be possible to lessen the heavy burden of the military bases.

Reportedly, the Japanese and U.S. Governments will state that "efforts will be made to work out the final report in November and also to further lessen the burden." However, we must say that such a statement itself indicates that the Japan-U.S. negotiations in progress at present lack depth.

What the majority of the Okinawan people demand at present is the return as well as consolidation and reduction of military bases so that a peaceful island can be created. A shoddy plan for realignment and reduction based on the policy of giving priority to the security issue will never win the understanding of the Okinawan people.

Japan: Tokyo Not To Apply Weapons-Export Ban to U.S. Accord

OW0904055796 Tokyo KYODO in English
0420 GMT 9 Apr 96

[FBIS Transcribed Text] Tokyo, April 9 KYODO — Japan will not apply the nation's three principles regarding "no exports of weapons" to the supplying of weapon parts to the U.S. military, which is called for under a new bilateral security-related agreement to be signed next week, government sources said Tuesday [9 April].

A draft of the agreement for an acquisition and cross-servicing agreement (ACSA) covers 15 items that Japan would offer the U.S. military in the course of joint training, such as food, water, fuel, clothing, spare parts and components, transportation, repair and maintenance.

Supply of spare parts and components possibly violates Japan's three "no weapons export" principles.

But the government's draft does not allow the application of these principles to the supply of spare parts and components under the new accord because they have certain limits in use and movement.

Also, the draft stipulates that goods and services offered under the bilateral accord will not be transferred to a third party other than the Japanese Self-Defense Forces and U.S. military.

Japan and the United States will sign the ACSA when Prime Minister Ryutaro Hashimoto meets U.S. President Bill Clinton on April 17 in Tokyo.

Under the agreement, Japan would be able to offer commodities and services to U.S. forces beyond the present limits of the Japan-U.S. security framework.

But the application of the new accord will be limited only to joint bilateral military drills, U.N.-led peace-

keeping operations and humanitarian aid, according to the draft.

Japan: MOF Retracts Insurance Notices on Request of U.S.

OW0904082796 Tokyo NIHON KEIZAI SHIMBUN
(Morning Edition) in Japanese 9 Apr 96 p 5

[FBIS Translated Text] It has come to light that the Ministry of Finance (MOF) has retracted, in response to a U.S. request, the Banking Bureau chief's draft notifications for life and nonlife insurance companies seeking to enter each other's business fields following the revised Insurance Business Act.

It is unusual for the MOF to retract draft notifications after presenting them to the business sector.

Three draft notices were retracted, including one allowing an exception to the present system, which requires each life insurance agent to do business with only one insurance company. With this change, the ministry seeks to help subsidiaries of nonlife insurance companies participate in the life insurance market. In late March, the MOF presented the insurance industry with rules aimed at helping life and nonlife insurance companies gain easy access to other's business. However, in its notification dated 1 April, the ministry completely changed its stand, saying, "Concerned organizations should be aware that these rules will not take effect for the time being."

The latest notice clearly states, "These notices have been retracted at the U.S. Government's request, involving comprehensive bilateral consultations on the insurance sector." As for the MOF's future handling of this matter, it says, "If changes are made as the result of negotiations with the U.S. Government, they will be notified later." Thus, it clarifies Japan's view that framing rules on mutual access depends on the results of talks with the United States.

Japan: Minister Kubo on Efforts To Settle Insurance Dispute

OW0904044596 Tokyo KYODO in English
0142 GMT 9 Apr 96

[FBIS Transcribed Text] Tokyo, April 9 KYODO — Finance Minister Wataru Kubo said Tuesday [9 April] that Japan and the United States are continuing efforts to settle their insurance market dispute ahead of U.S. President Bill Clinton's visit to Japan next week.

"Japan and the United States are now discussing whether they will be able to hold insurance talks again in the U.S. this weekend," Kubo said at a press conference.

He said, however, that there was no sign of a settlement as both sides "remain widely apart on the issue."

If Japan and U.S. hold insurance talks again, there should be progress, he said.

The two countries failed to reach a compromise on the insurance dispute at a meeting in Los Angeles last Saturday and Sunday.

The key issue in the insurance talks is the scope of the so-called third-sector products to be handled by life and nonlife subsidiaries of Japanese insurers.

Washington maintains such subsidiaries should not be allowed to sell third-sector products before Japan fully liberalizes its primary life and nonlife insurance markets.

Insurance is one of the four priority sectors in which the U.S. hopes to see progress before Clinton meets Prime Minister Ryutaro Hashimoto in Tokyo on April 17.

The three other sectors are air cargo, photo film and semiconductors. In late March, the two countries reached an agreement on the air cargo issue.

Japan: Difficulty in Insurance Talks With U.S. Predicted

OW0804064296 Tokyo ASAHI SHIMBUN (Morning Edition) in Japanese 6 Apr 96 p 11

[FBIS Translated Text] It is only a little over ten days until the scheduled Japan-U.S. summit talks in Tokyo. The United States has designated "four fields" as the major issues for talks on economic relations. On 6 April in Los Angeles, talks on the insurance field, the focal issue, will reopen. It is most unlikely that the issue can be easily settled during the talks because basically, there is a difference between the Japanese and U.S. interpretations of the document concerning the accord reached one and a half years ago. Among these four fields, the air cargo transportation issue has already been settled. However, it will be some time before the talks on semiconductors and photographic film may reach turning points, with the deadline for talks on these two fields set at the end of July.

During the insurance talks scheduled for 6-7 April, the two top working-level officials — Eisuke Sakakibara, director-general of the International Finance Bureau under the Ministry of Finance (MOF), and envoy Shapiro of the U.S. Trade Representative (USTR) Office — will meet for the first time in one and a half months. The arrangement was made because Envoy Shapiro stated: "I would like to deal with Sakakibara on the insurance issue." Shapiro has a point in insisting on talks with Sakakibara: the current Japan-U.S. confrontation

has been caused by the fact that Japan's interpretation of the accord is completely different from that of the United States; and Sakakibara was the responsible person for the talks from the Japanese side at the time that he was director of the MOF's Institute of Fiscal and Monetary Policy.

The point at issue concerns the "third sector," which includes accident insurance, and it has been decided that regulations on a few items in this sector should be eased. Foreign life and accident insurance companies, including those affiliated with U.S. firms, specialize in the life and accident insurance business. Regarding the timing for granting Japanese insurance companies access to this sector, it is stipulated that "they will be admitted when deregulations have been implemented to a considerable extent in the life and accident insurance sector." In other words, in return for liberalizing the third sector, conditions should be created so that foreign life and accident insurance companies will be able to play a more active role.

In opposition, the MOF takes the position that "since the accord indicates the timing for participation of parent companies, the affiliated companies will not be affected by the regulations." Thus, the MOF intends to approve participation of those companies affiliated with major life and accident insurance companies, which will be established as early as this summer. In the meantime, the USTR maintains that "because of insufficient deregulations, even those affiliated companies should not be permitted to participate until sufficient deregulations have been enforced." In this way, the confrontation between the two sides has further intensified.

Another reason for the confusion lies in the fact that the MOF was the only Japanese ministry that participated in the talks. From the beginning to the end, the Ministry of Foreign Affairs [MOFA] participated — together with the Ministry of International Trade and Industry — in the talks on the auto issue, which were settled in June 1995. When the insurance talks reached the final stage, "The MOFA was excluded from the talks because we were told to leave as the MOF wanted to hold talks with the USTR by itself," (as stated by a senior MOFA official). A source at the MOFA who had been excluded from the talks said: "If the document is read as is, it is apparently advantageous to the United States."

The key to the talks on accident insurance concerns the question of whether additional liberalization, acceptable to the U.S. side, should be approved for the sectors involving auto and fire insurances, for which the U.S. side has strongly asked.

Some Japanese companies have already started making preparations for setting up affiliated companies. More-

over, "Only the report on the U.S. obstruction to liberalization in the third sector has been stressed, and it has been very strongly voiced even among dietmen that 'no concessions should be made,'" (as stated by a senior MOFA official). Therefore, while the Japanese side plans to decide on liberalization of the third sector, the U.S. side intends to request that the maximum "restriction" be set on liberalization.

During the talks in Los Angeles, the Japanese side plans to make a proposal for additional "liberalization," and the U.S. side will take it back for consideration. Then, in the latter half of next week, the talks will be moved to Tokyo with the hope that the final settlement can be worked out by the time the President visits Japan.

Japan: Further on U.S.-Tokyo 'Insurance Market Dispute'

OW0804125196 Tokyo KYODO in English
1204 GMT 8 Apr 96

[FBIS Transcribed Text] Tokyo, April 8 KYODO — A high-ranking Japanese Government official said Monday (8 April) it would be difficult for Japan and the United States to settle their insurance market dispute before the Japan-U.S. summit set for next week in Tokyo.

"It is unlikely that the two countries will reach a full agreement on the issue before prime minister Ryutaro Hashimoto meets U.S. President Bill Clinton," the official said on condition of anonymity.

Clinton will visit Japan on April 16 to 18, and hold talks with Hashimoto on April 17.

Tokyo and Washington are still far apart on the insurance issue, the official said.

The official's comments came after the two countries failed to reach an agreement at weekend discussions in Los Angeles on measures taken by Japan under a 1994 bilateral agreement to liberalize its insurance market.

The official said the wording of the accord is "equivocal," allowing each of the two countries to interpret it in their own favor.

At a news conference Monday, meanwhile, Vice Finance Minister Tadashi Ogawa said Japan and the U.S. will continue talks, though they remain at loggerheads over the insurance issue.

At center of the talks is the scope of the so-called "third-sector" products to be handled by life and nonlife insurance subsidiaries of Japanese insurers.

Japan introduced the revised insurance business law on April 1, paving the way for life and nonlife insurance

companies to enter each other's business turf through subsidiaries.

Washington has insisted that such subsidiaries should not be allowed to handle third-sector products before Japan fully liberalizes the primary life and nonlife insurance markets.

The third sector covers insurance policies against sickness, accidents and nursing, where foreign companies are strong.

Insurance is one of four priority sectors where the U.S. hopes to see progress before Clinton meets Hashimoto in Tokyo.

The three other areas are aviation, photo film and semiconductors. In late March, Japan and the U.S. reached an accord on the air cargo sector.

Japanese and U.S. negotiators are expected to meet in Tokyo later this week to make last-ditch efforts to strike a deal in the insurance sector ahead of the Clinton-Hashimoto talks, according to sources close to the talks.

Japan: Liberalization in Insurance Markets Urged

OW0804020096 Tokyo NIHON KEIZAI SHIMBUN
(Morning Edition) in Japanese 5 Apr 96 p 2

[Editorial: "Priority Should Be Given to Consumers' Benefits in the Japan-U.S. Insurance Talks"]

[FBIS Translated Text] Negotiations between the U.S. Trade Representative (USTR) office and the Japanese Ministry of Finance [MOF] over the liberalization of the Japanese insurance market are experiencing rough sailing. The U.S. side has taken a hard-line attitude with the Japan-U.S. summit near at hand.

As the revised Insurance Business Law took effect on 1 April, life and nonlife insurance companies are now allowed to mutually enter each other's businesses through their subsidiary firms. Insurance policies for cancer and other sicknesses in the life insurance market and accidents and nursing policies in the nonlife insurance market are called third-sector services because these policies target persons and are similar in content. Both life and nonlife insurance companies are seeking access to each other's third-sector services through their subsidiary firms.

However, the U.S. Government has strongly demanded that those companies give up such moves and maintained that the entry into the so-called third sector via subsidiary firms runs counter to the 1994 agreement in the Japan-U.S. insurance talks.

Japan and the United States reached a conclusion 18 months ago that, until deregulation in the Japanese

insurance market is sufficiently promoted, life and nonlife insurance companies would not directly enter each other's third-sector fields. The two countries also agreed that the entry into the third sector through subsidiary firms should not seriously affect the current business conditions in the third sector.

However, Japan and the United States differ in their interpretation of this agreement. The Japanese Government has maintained that the agreement requires Japan to take measures to minimize the impact on the third-sector services, but it does not ban life and nonlife insurance companies from entering the third sector by setting up subsidiary firms. On the other hand, the U.S. Government has claimed that, until the entire insurance market, including automobile insurance, is fully liberalized, the entry into the third sector should not be allowed.

According to the agreement, it can be said that Japanese insurance companies should refrain for the time being from entering such markets as cancer insurance, where only one specific foreign life insurance firm enjoys a considerable share. However, the U.S. claim that entry into the third sector in any form should not be allowed is questionable.

It has been more than 20 years since U.S. life insurance companies began dealing with cancer insurance policies for the first time. Nevertheless, the MOF has controlled the handling of cancer insurance policies by major life insurance companies. A specific foreign insurance company has long enjoyed an oligopoly share thanks to Japan's administrative guidance which treats foreign insurance companies favorably.

What is needed at present is to stop soon the protection of foreign companies through such regulations and to promote competition in the market in an effort to create conditions for offering better services to consumers.

In that sense, the Japan-U.S. agreement on the third sector has a strong color of regulations. Although it is counter to the U.S. claim, free access to third sector services should be promoted for the sake of consumers. At the same time, it is necessary to thoroughly liberalize the first-sector insurance market (such as endowment insurance) and the second-sector insurance market (such as fire insurance).

Japan: Hashimoto To Emphasize 'Economic Recovery' to U.S.

OW0904082496 Tokyo *NIHON KEIZAI SHIMBUN* (Morning Edition) in Japanese 9 Apr 96 p 1

[FBIS Translated Text] During his talks with U.S. President Bill Clinton on 17 April, Prime Minister Ryutaro Hashimoto will indicate Tokyo's intention to

give priority to reviving the Japanese economy. Also, while highly rating the agreement reached in the air cargo portion of the aviation talks, Hashimoto will express the hope that the two countries will solve the issue of the Japan-U.S. semiconductor accord before the June G-7 summit (Lyons summit) by promoting private-sector talks.

Hashimoto will tell the President that the Japanese economy is now on a path toward recovery. He will also stress that to ensure economic recovery, Tokyo will urgently liquidate failed housing loan companies and maintain its easy money policy. However, because the United States is worried about a possible economic slowdown in Japan in the latter half of the current fiscal year, the President will likely urge Japan to implement additional pump-priming measures, including further budget expenditures.

Although Washington has given high appraisal to deregulatory steps for the housing sector in the Japanese Government's deregulation promotion program, which was revised at the end of March, it has complained that the deregulation plan is insufficient as a whole. Because of this, Hashimoto intends to stress that his administration will work for further deregulation.

During discussions on trade issues, the United States is expected to express the hope that pending problems, including semiconductor and photo film issues, will be solved at an early date. The two countries will likely exchange harsh words at the Japan-U.S. summit if no progress is made in working-level insurance talks by then.

At the summit, Hashimoto will call for promoting private-sector talks on semiconductor trade, claiming that cooperation between Japanese and U.S. chip makers has been promoted and sales of U.S.-made chips in Japan are steadily increasing. Attention is focused on how the two sides will smooth out their differences over semiconductor trade at the forthcoming summit: The United States wants governmental involvement in chip trade through an extension of the semiconductor agreement, while Japan is opposed to an extension. However, Hashimoto and Clinton are expected to decide to defer concluding semiconductor talks.

The two leaders will also confirm further cooperation in dealing with AIDS, population, and other global issues (on the Common Agenda). The number of areas in which Japan and the United States cooperate will increase to 27, because the two sides are expected to agree to cooperate in seven more areas, including counterterrorism and aid to countries emerging from conflicts, in addition to cooperation in solving AIDS, population, and drug problems.

Japan: Hashimoto 'Expects Advances' in Semiconductor Talks

OW0804124596 Tokyo KYODO in English
1205 GMT 8 Apr 96

[FBIS Transcribed Text] Tokyo, April 8 KYODO — Prime Minister Ryutaro Hashimoto said Monday [8 April] he expects advances in talks on semiconductor trade between Japanese and U.S. chip makers, government officials said.

Hashimoto made the remark after calling two senior trade ministry bureaucrats to his official residence, the officials said.

The Japan-U.S. chip trade agreement is due to expire in July, but the U.S. government is urging its extension.

Analysts said Hashimoto's statement is a reiteration of the government's policy of rejecting the U.S. demand while promoting talks between Japanese and American chip makers.

Japan: Multilateral 'Chip' Talks at OECD Considered

OW0604094196 Tokyo KYODO in English
0857 GMT 6 Apr 96

[FBIS Transcribed Text] Washington, April 6 KYODO — Japan is planning to propose the establishment of a panel in the Organization for Economic Cooperation and Development (OECD) for multilateral talks on semiconductor trade, sources close to chip trade talks said Saturday [6 April].

Tokyo has already started sounding out the idea to the countries concerned with the aim of greater access to computer microchip markets in the world and promoting industrial collaboration, the sources said.

Japan positions it as a counterproposal vis-a-vis Washington's call for extending the 1991 bilateral semiconductor agreement due to expire at the end of July.

Tokyo has persistently rejected any renewal of the accord, maintaining that the pact has already played its role because foreign share in the Japanese chip market has topped 20 percent as targeted by the United States.

At a quadrilateral meeting in Kobe on April 20 of trade ministers from the European Union (EU), Canada, Japan and the U.S., Japan will hear views of other countries and make the proposal at a ministerial council gathering in mid-May of the Paris-based OECD, the sources said.

These countries and South Korea have already discussed international rules of competition in the field of ship-building such as reduction of government subsidies at an OECD subcommittee.

Japan intends to make full use of such multilateral consultative functions of the OECD in dealing with semiconductor trade issues, the sources said.

Moreover, the Japanese proposal is in line with the wishes of the EU and South Korea to see improved international semiconductor trade rules and strengthened international cooperation, they noted.

The Japanese proposal is expected to come sometime between the latter half of 1997 and the first half of 1998 after a preparatory period of one to two years, according to the sources.

The OECD panel, if established, would deal with the abuse of an antidumping pact on microchips at the World Trade Organization (WTO) and how to push international cooperation in developing new chips, they said.

In addition, it would discuss implementing surveys to figure out the outlook for an international chip supply-demand situation, the sources said.

Japan: Government Reveals Efforts To Draw Up Tariff Accord

OW0704231196 Tokyo YOMIURI SHIMBUN
(Morning Edition) in Japanese 6 Apr 96 p 9

[FBIS Translated Text] A government source revealed on 5 April that Japan plans to draw up the so-called "Information Technology Agreement," (ITA) under which signatory countries will agree to abolish tariffs on semiconductors, computer software, and other industrial products related to the information industry, in joint efforts with the United States, the EU, and Canada. Negotiations are to start at the Quadrilateral Trade Talks, which will begin on 20 April in Kobe.

The agreement will apply to semiconductors, computers, and computer software, and the expected scenario is that the signatories will completely abolish tariffs on these products by the year 2000. Meanwhile, Japan is considering, among other ideas, adding household appliances to the list of products to which the tariff accord will apply in order to widen the scope of the accord.

The government plans to firm up the details of the accord and submit it to the first ministerial meeting of the World Trade Organization (WTO) to be held next December in Singapore. It also plans to ask developing countries in Asia to become signatories to the agreement.

It was the United States that first approached the EU, which levies high tariffs on products related to the information industry, to begin negotiating on the

idea to conclude an information technology agreement to abolish tariffs on such products. This year, the United States has asked Japan and Canada to sign the agreement.

Japan: MOF Denies Pressuring U.S. Bank Branch To Hide Losses

OW0804114196 Tokyo NIHON KEIZAI SHIMBUN
(Morning Edition) in Japanese 6 Apr 96 p 4

[FBIS Translated Text] Defendant Masahiro Tsuda, former chief of Daiwa Bank New York branch, has agreed to a plea bargain with U.S. federal prosecutors on charges involving the New York office's huge losses. He asserted at the trial in the New York district court that "the Ministry of Finance (MOF) had pressured him to hide the losses." The MOF (Banking Bureau) has refuted his assertion saying, "They are groundless."

Wataru Kubo, MOF minister and deputy prime minister, said, "I heard that Mr. Tsuda did not directly talk with the MOF." However, the ministry cannot harshly refute Tsuda, because it is true that the MOF failed to disclose information properly.

In the trial, Tsuda said that he had heard that when senior Daiwa Bank officials briefed the MOF on the incident last October, MOF officials said: "It is not appropriate to make Daiwa's losses public before October." Tsuda added, "I thought the MOF had wanted us to withhold the fact until early October."

In response, a senior MOF official said on the night of 5 April that when Daiwa Bank reported the incident last August, the bank told the ministry that "although it will start a complete investigation, it will take more than two months to clarify the details because the enormous volume of documents that need to be examined." The MOF then declared, "We never told the Daiwa Bank not to publicize the incident before October."

However, it is true that although it had been first notified by the Daiwa Bank of the incident, the MOF had delayed providing information to U.S. authorities. In regard to this, the same senior MOF official acknowledged that there was a problem with information disclosure, saying: "We should have notified them earlier."

Japan: Article Says PRC Forced U.S. To Side With Taiwan

OW0704135596 Tokyo AERA in Japanese 8 Apr 96
p 22

[Article by AERA staff writer Shunji Taoka: "Taiwan Improved Its Score in International Image"]

[FBIS Translated Text] "I would like to be allowed to speak a few words in English."

So saying, Li Teng-hui, the ninth president of Taiwan, who has been elected to office by direct public vote for the first time in the history of China, turned to address the foreign press corps in the middle of what was a victory speech in Taipei on 23 March. He said:

"I am grateful to the people of foreign news media from all over the world for their warm support and reports. Thanks to all of you, we no longer feel loneliness or solitude."

These words of thanks from President Li revealed the deep feelings of loneliness that the people of Taiwan have had to live with since Taiwan left the United Nations following the PRC's admission in 1971 when Japan and the United States in 1972 and 1979, respectively, formally recognized the PRC. Some 620 people from foreign news media came to cover the presidential election in Taiwan, a country that has never been the subject of such worldwide attention in its history.

U.S. Public Opinion Leans Toward Taiwan

If the main point of the news was simply that the election was going to be conducted by a public vote for the first time in China's history, the news would not have been rated so newsworthy and would have been treated as so-so. The reason it became of worldwide interest was because the PRC staged acts of intimidation by lobbing ballistic missiles into and by conducting exercises in the Taiwan Strait. With the event turning into a contest of "democratic election against ballistic missiles," the international image of Taiwan soared dramatically.

That Li Teng-hui won 54 percent of the vote, a total of 5.81 million ballots, was indeed an accomplishment made possible with the help of the four rounds of M-9 missiles launched by the PRC. Li had been considered a certain winner in the election, but whether he would get more than 50 percent of the vote had been in question until the exercises started. However, once the PRC began an open act of military intimidation trying to discourage and restrain public support for Li Teng-hui who the PRC believed was an "undeclared Taiwan independence seeker," Taiwan public opinion ran to Li's corner. It is the common instinct of human beings to rush to and gather around their leaders when faced with a crisis.

In the election of representatives to the National Assembly (which used to elect the president, but now mostly performs the function of reviewing and deliberating constitutional amendments) conducted on the same day, the candidates of Li's Kuomintang won 49.7 percent of the

vote. If the PRC had not conducted the military exercises, it would have been very possible that support for him would not have exceeded 50 percent.

Lin Yang-kang of the New Party pushed by the non-Taiwan people (mainlanders), who had criticized Li Teng-hui, saying "the PRC must not be provoked," won only 14.9 percent of the votes, and Peng Ming-min of the Democratic Progressive Party, whom the PRC regarded as an "open Taiwan independence seeker", won 21.1 percent

The U.S. position on China has so far been "ambiguous" from the perspective of commercial strategy. The United States has sought to have "U.S.-PRC military exchanges" and to explore China's markets, with Secretary of Defense Perry saying in Beijing in October 1993 "the United States regards the PRC not as a threat but as a friend" for instance. However, on the other hand, it has sold 150 F-16 fighter aircraft to Taiwan. This time, though, the United States had no choice but to show the position of clearly supporting Taiwan by sending two naval task force, each led by carriers — the Independence and Nimitz — to the Taiwan Strait.

Rebelling against the PRC's act of intimidation, U.S. public opinion naturally swung toward the democratic Taiwan. In the House of Representatives, a resolution calling on the United States to help defend Taiwan in case of a PRC attack on Taiwan was passed with a 369 to 14 vote, supported by not only Republicans but also Democrats. This being the case, even the U.S. Government cannot smooth things over for both the PRC and Taiwan.

The PRC Appears To Be Moving Toward Reconciliation Too

If the PRC was a "strong-minded wife," Taiwan was an "old lover" of the United States. Sandwiched between the two, the United States chose its lover as a certain prince did in an old story. It would have been to the benefit of the PRC to let the United States retain its ambiguous position. However, by making a great fuss of nothing, it has driven the United States to the side of Taiwan — at least for now.

The PRC tried the act of intimidation on Taiwan, but its act was belittled and ignored by Taiwan, which believed: "We are the ones who have command of the air and sea. An invasion by them would be suicidal."

Thus, the act only ended up hurting the military prestige of the PRC. No more than 10 ships and 20 aircraft of the PRC navy and air force are believed to have actually been employed in the live-fire exercises. They were such small-scale exercises that Taiwan was taken aback. One can say that a man had raised his hand in an intimidating

gesture to hit someone, but had to put down his hand when he found the other man was not intimidated at all — though there is nothing more embarrassing than doing something like that.

For the PRC, maintaining relations with the United States, Japan, and Taiwan is very important for its economy. Now, there are signs that the PRC is probing for a path toward reconciliation. RENMIN RIBAO on 20 March, for instance, said: "The popular voices call for progress in PRC-Taiwan relations."

Japan: Impressions of PRC Drills in Taiwan Strait 'Vague'

OW0904041396 Tokyo ASAHI SHIMBUN
in Japanese 2 Apr 96 p 4

[Article by ASAHI SHIMBUN editorial board member Shunji Taoka: "The PRC's Military Exercises in the Taiwan Strait"]

[FBIS Translated Text] The PRC's military exercises in the Taiwan Strait, which began on 8 March, ended on 25 March. The PRC attempted to interfere in Taiwan's presidential election, which was held for the first time by the direct vote of its people, through military threats by firing four "M-9" ballistic missiles in the offing near Taiwan's two big ports — Chilung and Kaohsiung. As a result, a view has surfaced in Japan that "The PRC's military threat has heightened" or that "The PRC's military threat is conducive to the reconfirmation of the U.S.-Japan Security Treaty." According to a vague impression, this viewpoint may certainly be true. However, further observation shows that the PRC has ruined its military prestige because its military threat was not effective, and the U.S. Marine Corps, which have become a focal point in the reduction of U.S. military bases on Okinawa, have nothing to do with the Taiwan problem.

The PRC is publicizing that "It showed its capacity to maintain naval and air supremacy" through conducting a series of these military exercises. The country actively televised videos showing its military exercises. However, Japan's information sources noticed that the televised videos included what looked like "file videos," which differed from the weather and sea conditions observed during the exercises.

It is estimated that more than ten naval vessels and about 20 or 30 planes participated in the live-fire exercises held in the southern part of the Taiwan Strait from 12-20 March, and the exercises were conducted on a very small scale. It seems that the PRC assembled some of its new vessels and planes so as to make a video demonstrating a stronger PRC. The same Japanese

sources said the joint military exercises held by the PRC's three armed services near Haitan Island (Pingtan Island) from 18-25 March "were disappointingly small in scale."

PRC's Invasion Will Be "Suicidal"

It was said that 150,000 military personnel were assembled in Fujian Province. The Taiwan Strait is an important front for the PRC, and military personnel of this scale have always been present in this province. It seems that one mechanized division, part of an airborne brigade, and about 100 F-7's (MiG-21's) were recently mobilized for the exercises.

The exercises have given the world an opportunity to see the differences between the PRC and Taiwan with regards to naval and air power. The PRC is known to have 4,000 fighters, but most of them are duplicates or have been derived from the MiG-17, 19, and 21, which made a maiden flight in the former Soviet Union during the 1950's. They are already on the retired list. The only modern planes the PRC has are 26 Suhoi-27's imported from Russia.

Taiwan, on the other hand, has about 270 F-5E's and F-5F's, which are still operational today, as well as 55 modern fighters developed in Taiwan — "Chingkuo." Air-to-air missiles, "Tienchien II" (78 kilometer-range missiles) carried by these fighters are of "the active radar homing class" that is still unavailable in Japan. Taiwan's Air Force recorded a kill rate of 32 to 1 in the air battles near Quemoy Island in 1958 and secured command of the air and sea in the Taiwan Strait, which has enabled Taiwan to continue to hold the Quemoy and Matsu Islands, which are within point-blank range of Mainland China.

Taiwan's defense authorities estimate that in launching landing operations, the PRC "can mobilize only two divisions (20,000 or 30,000 personnel) at the most against Taiwan's offshore islands," even with the mobilization of fishing boats. One of Taiwan's admirals dismissed the possibility of a PRC invasion as "suicidal."

Gap Between PRC and Taiwan is Increasing

The PRC's submarines are mainly composed of the Romeo class based on the German U-boat of World War II and the class derived from that. The PRC also has five Han class nuclear submarines, which the country ceased to produce because of the radioactive leaks and the loud noise they made. The PRC only has two modern submarines, the KIL series — the conventional class obtained from Russia last year. The PRC cannot enforce a sea blockade, considering the Taiwan Navy's capacity to conduct anti-submarine operations.

Before the PRC conducted military exercises, General John Shalikashvili, Joint Chiefs of Staff chairman, declared: "The PRC has no capacity to invade Taiwan." U.S. and European military analysts were almost unanimous in pointing out that Taiwan is superior to the PRC in modern sea and air power. The 1 April issue of the U.S. newsmagazine "Newsweek" went so far as to title a special report on the Chinese Armed Forces the "Toothless Tiger."

Since the 1970's, the PRC's nuclear missiles have always had "teeth" and have been a cause of headache to Taiwan in particular, but also to any other countries that lack sufficiently effective defense measures against ballistic missiles. However, the much-touted buildup of the PRC's naval and air forces has not been found to be pronounced. The modernization of the PRC's naval and air forces is now in progress, but the modernization of Taiwan's naval and air forces is much quicker than those of the PRC due to its adequate finances, and the difference between the two countries is increasing.

Taiwan knew that the PRC had no capacity to invade Taiwan, so they were not shaken by the PRC's threats. More than a few people in Taiwan said: "General Secretary Jiang Zemin and others are being criticized for being weak and soft on the Taiwan issue. If they remain as idle spectators of Li Teng-hui's election as president, they will be further criticized. The PRC's military exercises are nothing but a show intended for its own people."

Strong Posture Shown by Both the U.S. and PRC is Intended For Their Own People

The U.S. Government dispatched two aircraft carriers to the sea near Taiwan, although it was well aware of the fact that the PRC has no capacity to invade Taiwan. With the U.S. presidential election drawing near, the Republican Party has criticized the Clinton administration's stance toward the PRC, and has demanded the enhancement of the U.S. relationship with Taiwan, as well as an official invitation to Mr. Li Teng-hui to visit the United States. The U.S. lower house went so far as to pass a resolution calling for the defense of Taiwan against the PRC's invasion and blockade by an overwhelming majority of 369 to 14.

In the face of such public opinion, the U.S. Government could not maintain an "ambiguous strategy," a strategy that turns a smiling face on both the PRC and Taiwan. It can be said that both Beijing and Washington gave military performances to show their strong stances for their own people.

Furthermore, it was a good opportunity for the United States to show Japan the value of the U.S.-Japan

alliance, which has created much discussion because of the collapse of the Soviet Union, as well as the sexual attack on an elementary school girl in Okinawa. The U.S. Navy successively invited Japanese television and newspaper corps to the U.S. carrier Independence in the sea east of Taiwan. It became "a kind of cruise conducted for the invited news front."

Setting aside such U.S. political intentions, the dispatch of the U.S. carriers may have had the effect of stabilizing Taiwan's psychology. The PRC's military exercises were a kind of psychological war, so the presence of the U.S. carriers played the role of balancing the effect of the exercises.

That, however, does not constitute a reason for justifying the maintenance of U.S. bases on Okinawa as they are.

The U.S. carrier Independence was not dispatched from Okinawa, but was on its way back to its home port, Yokosuka, from the Philippines. The other carrier Nimitz sailed to the sea near Taiwan from the Persian Gulf.

Even if the U.S. Armed Forces venture to defend Taiwan in the future, it is almost unthinkable for them to make a landing on the PRC coast; therefore the U.S. 3rd Marine Expeditionary Force in Okinawa (about 18,000 personnel) is unlikely to go on stage.

We cannot neglect the effect of the perception based on a vague impression on international politics. However, it is also necessary for us to make an effort to observe the reality of things.

Japan: Tokyo, Beijing Begin Informal Fishery Talks

OW0904072296 Tokyo KYODO in English
1103 GMT 9 Apr 96

[FBIS Transcribed Text] Tokyo, April 9 KYODO — Japan and China started informal talks in Tokyo on Tuesday [9 April] to review their 1975 fishery agreement in connection with the U.N. Convention on the Law of the Sea, government officials said.

Japan is seen to ask for a new fishery agreement under which the two countries can control both Japanese and Chinese fishing boats, abandoning the current system which lets each country control its own boats, analysts said.

Japanese Foreign Ministry and Fishery officials are expected to put priority on the fishery agreement and shelve the issue involving the Senkaku Islands (Diaoyu Islands as called by China) over which both Japan and China claim sovereignty, they said.

The talks nonetheless are likely to be rough going as the planned application of a 200-nautical-mile exclusive economic zone under the U.N. convention will touch on the territorial dispute, they said.

The negotiations are likely to continue Wednesday, the government officials said.

The ruling coalition, concerned about prolonging the current fishery agreement, is pressing the government to settle the issue with China within a year.

The government is looking to begin similar negotiations this month with South Korea with which it has a territorial dispute over the Takeshima islets.

Japan: 'Tough' Talks With ROK, PRC on Fishing Pacts Seen

OW0604075596 Tokyo KYODO in English
0747 GMT 6 Apr 96

[FBIS Transcribed Text] Tokyo, April 6 KYODO — Tough negotiations for fishing pacts with China and South Korea are expected as the issue is closely linked with territorial disputes between Japan and the two countries, according to government sources.

Unofficial talks between Tokyo and Beijing are scheduled to start Tuesday [9 April], while negotiations with Seoul are expected to begin after an April 11 general election in South Korea.

Japan has already agreed with the two countries to shelve a respective territorial dispute to begin discussions on fishing pacts.

The sources said, however, it is inevitable that the territorial issues will flare up again in the fishery talks due to different boundary perceptions by the three countries with regard to their 200-nautical-mile exclusive economic zones.

Japan and South Korea first signed a fishing pact in 1965, while Japan and China did so in 1975. But those pacts stipulate that the right to crack down on illegal fishing by foreign boats belongs to the country to which the boat belongs.

Japan's fishery organizations have been demanding the government establish an exclusive zone to eliminate the problem of foreign fishing boats operating in waters near Japan.

The organizations and the ruling coalition agreed late March that the government should enter the procedures to ratify the U.N. Treaty on the Law of the Sea.

But they have also urged the government to conclude negotiations within a year and declare the exclusive

zone a year later if the negotiations fail to produce an agreement.

Japan: Hashimoto Worried Over DPRK Military Moves

OW0904060096 Tokyo KYODO in English
0449 GMT 9 Apr 96

[FBIS Transcribed Excerpt] Tokyo, April 9 KYODO — Prime Minister Ryutaro Hashimoto voiced concern Tuesday [9 April] that recent moves by North Korean troops may have an ill effect on negotiations to normalize relations between Japan and North Korea.

Hashimoto told a group of reporters, "(the ongoing working-level consultations are) preparatory ones and I regret to say we are currently not in a position to have discussions with mutual trust."

Last week the premier said the two countries have entered a phase to restart normalization talks.

Tokyo and Pyongyang held eight rounds of normalization talks between 1991 and 1992 but the negotiations were halted in November 1992 after North Korean delegates walked out over Japan's proposal to discuss a Japanese woman suspected of being kidnapped and held in North Korea. [passage omitted]

Japan: Ikeda Urges DPRK To Abide by Armistice

OW0904024896 Tokyo KYODO in English
0120 GMT 9 Apr 96

[FBIS Transcribed Text] Tokyo, April 9 KYODO — Japan strongly hopes North Korea will discontinue its military incursions into the buffer zone with South Korea and honor the armistice agreement that ended the 1950-1953 Korean war, Foreign Minister Yukihiko Ikeda said Tuesday [9 April].

"The latest North Korean actions are regrettable. We strongly expect North Korea to abide by the truce accord," he told a regular news conference.

"We can't tell what impact their actions will have in the short run, but we will have to keep watch," Ikeda said, adding that the latest incidents are unlikely to develop into "a more grave situation" for now.

Pyongyang announced last Thursday that it would no longer abide by the rules governing the demilitarized zone set up under the armistice. Since then, North Korean troops have entered the zone three times, carried out military drills, and withdrawn.

North Korea is seeking the replacement of the armistice accord, signed in July 1953 by North Korea, China and U.S.-led forces, with a bilateral peace treaty with the

United States. But Washington has refused negotiations with Pyongyang on such a treaty.

Japan: Daiwa, Burma's Bank To Establish Stock Exchange

OW0604074396 Tokyo KYODO in English
0620 GMT 6 Apr 96

[FBIS Transcribed Text] Yangon [Rangoon], April 6 KYODO — Japan's Daiwa Institute of Research has agreed with a Myanmar [Burma] state-owned bank to form a joint venture firm, Myanmar Securities Exchange Center Co., government newspapers reported Saturday [6 April].

The joint venture will assist in setting up infrastructure and related functions for a Yangon stock exchange, the reports said.

An agreement was signed by Eiichiro Okumoto, president of the research arm of Daiwa Securities Co., and U Khyaw Kyaw, managing director of Myanmar Economic Bank.

Myanmar's Finance Minister Brig. Gen. Win Tin said at the signing ceremony that the establishment of a stock market in the country will help development of the economy.

The joint venture firm will issue, sell and buy security certificates and serve as an agent and consultant until Myanmar's stock exchange opens, the reports said.

Japan: Ozawa Denies Plans To Join Hands With Rival LDP

OW0604082796 Tokyo KYODO in English
0812 GMT 6 Apr 96

[FBIS Transcribed Text] Tokyo, April 6 KYODO — Ichiro Ozawa, leader of the largest opposition Shinshinto (New Frontier Party), dismisses in a forthcoming book any likelihood of teaming up with the rival Liberal Democratic Party (LDP).

In his new book "Talk," published by Bungei Shunju Ltd., Ozawa denied he would join hands with the LDP and criticized his onetime colleague and mentor, Former Prime Minister Noboru Takeshita, for "self-conceit."

He rejects any chance of mending fences with the LDP's Takeshita, saying, "it would be like the clock's hands going backward."

In a July 22, 1993 meeting with Morihiro Hosokawa, then leader of the Japan New Party, Ozawa asked Hosokawa to become prime minister of a non-LDP government.

Two days later, Hosokawa accepted Ozawa's request and joined hands with the former LDP heavyweight to form the first non-LDP government in 38 years.

Hosokawa's government proved to be short-lived, however, collapsing after only eight months to the dismay of Ozawa, who had thought the Hosokawa government would last at least three years.

Japan: Hatoyama Interviewed on New Party, General Election

OW0804121896 Tokyo NIHON KEIZAI SHIMBUN (Morning Edition) in Japanese 8 Apr 96 p 2

[Interview with Yukio Hatoyama, New Party Sakigake (Harbinger) secretary general by unidentified reporter; place and date not given; first paragraph is newspaper's introduction]

[FBIS Translated Text] Sakigake Secretary General Yukio Hatoyama recently granted an interview to NIHON KEIZAI SHIMBUN and revealed that he intends to proceed to form a new political party before the next general election, possibly as early as the end of the current Diet session. At the same time, he stressed that the new party will place emphasis on its political stance in regard to policies and ideology and hopes to pull together individual dietmen, crossing party boundaries. Hatoyama also indicated that he plans to appeal more to dietmen belonging to the Liberal Democratic Party [LDP] and New Frontier Party [NFP] than to Social Democratic Party [SDP] members; he even hinted at the possibility of disbanding Sakigake. The interview went as follows.

[NIHON KEIZAI SHIMBUN] Why are you planning to form a new party?

[Hatoyama] Considering that the next general election will be held under a new electoral system combining single-seat constituencies with proportional representation, Sakigake, as it stands, is not fully prepared. Moreover, the people are increasingly distancing themselves from politics, and only politicians can change that.

I do not deny that I want to turn Sakigake into a bigger party. However, whenever I take a new step, I have to proceed keeping in mind, of course, that Sakigake may have to be disbanded. When forming a new party, it is better that all parties be disbanded first.

[NIHON KEIZAI SHIMBUN] What principles will the new party be based on?

[Hatoyama] The party will place emphasis on its political stance in regard to policies and ideology. We have to form a new party with people who are not afraid of elections and are ready to quit being politicians if nec-

essary. If you put the party first and then try to proceed from there, it will be impossible to stand on common ground and achieve a common goal. In that sense, trying to merge Sakigake and the SDP, one-on-one, into a single party will fail to gain public support.

We have to make stronger approaches to the NFP rather than the SDP about the idea of forming a new party. There are many NFP members whose ideals are quite similar to ours. We want to approach each one of them. We also want to approach the LDP. Although we will similarly call on SDP members, it would become difficult to pull together forces from a wide-ranging field, if we were to reverse this order.

[NIHON KEIZAI SHIMBUN] When do you think the new party will be formed?

[Hatoyama] It will have to start taking shape at least during this year. However, since Sakigake is currently a member of the ruling coalition, we must not take the sort of action that could immediately endanger the alliance framework. Therefore, we have to act when the Diet is not in session.

[NIHON KEIZAI SHIMBUN] Is there any possibility that Sakigake Chairman Masayoshi Takemura may become head of the new party?

[Hatoyama] There is sufficient possibility, but if we were to stick to that idea from the beginning, that would create the impression that members from other parties would be joining Sakigake, and it would be difficult to pull together forces from a wide field. It would be desirable to ask for cooperation in forming a new party if no one knew who would become the head of the party.

[NIHON KEIZAI SHIMBUN] Why do you insist on forming the new party before the general election?

[Hatoyama] Elections are held to let voters decide whom to vote for by making their judgments on what political parties propose to do. Politicians must not be allowed to hide their true intentions and run on a certain party's ticket, only to leave that party after they are elected. The least they can do is to come out with their political stance and make their policies clear before the election so that voters can use this information to make their decision.

Japan: Major Opposition Party Rejects Vote on FY96 Budget

OW0804124796 Tokyo KYODO in English 1208 GMT 8 Apr 96

[FBIS Transcribed Text] Tokyo, April 8 KYODO — The major opposition Shinshinto (New Frontier Party) rejected a proposal by the ruling coalition Monday [8

April] to hold a vote on the fiscal 1996 budget bill in the house of representatives budget committee on Tuesday, parliamentary sources said.

The coalition made the proposal during a meeting of Diet affairs chiefs of the three coalition parties — the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and new party sakigake — and Shinshinto, they said.

Shinshinto refused the Tuesday vote because the coalition legislators turned down a shinshinto request to summon LDP Secretary General Koichi Kato as a sworn witness to the committee over his alleged receipt of 10 million yen in a secret donation in 1990 from now-defunct steel frame maker kyowa co., they said. Kato has denied receiving the money.

Shinshinto said it cannot agree to take a vote on the 75.1 trillion yen budget bill unless the coalition promises Kato will testify before the lower house committee.

The passage of the budget bill for fiscal 1996, which started April 1, has been delayed because of a government scheme to liquidate seven failed housing loan companies known as "jusen."

The budget bill includes the use of 685 billion yen in taxpayers' money to help liquidate the firms, a plan opposed by shinshinto.

The officials from the coalition and shinshinto agreed to meet again Tuesday afternoon, the sources said.

Japan: Political Strategy of Opposing LDP Groups Assessed

OW0804035096 Tokyo EKONOMISUTO in Japanese
9 Apr 96 p 20

[Article from the "Political Situation" column by MAINICHI SHIMBUN editorial writer Kazuo Nagasaki: "A Picture of the Political World's Reorganization Shows Through the Jusen Issue"]

[FBIS Translated Text] The true problem in dealing with the jusen issue is that it is more than a question of whether to use 685 billion yen from government funds, it is also a question of how the financial and economic system of the nation should be structured in the future.

In other words, there is the question of whether the current "escorted convoy-type" financial system, which can even be called the "financial socialist" system, should be maintained as it is or be reformed into a financial and economic system that works on the principle of self-responsibility. Now this jusen issue is compelling the nation to choose one of these two in setting a direction for the 21st century.

As if to make that point, the jusen issue and the issue of political world realignment are becoming increasingly and delicately intertwined.

The party realignment is, meanwhile, dividing along the political lines of those who favor maintaining the framework of cooperation among the Liberal Democratic Party [LDP], the Social Democratic Party [SDP], and the Harbinger and those who favor dismantling the ruling coalition system in order to race into a conservative-conservative coalition. To cite specific names, the YKK trio (of Taku Yamasaki, Koichi Kato, and Junichiro Koizumi) and the NKK trio (of Hiromu Nonaka, Koichi Kato, and Shizuka Kamei), the active supporters of the Murayama government, are those who support the existing coalition.

Opposing them are the NHK trio (of Hiroyasu Nakasone, Ryutaro Hashimoto, and Seiroku Kajiyama) who are not comfortable with the liberals of the SDP and Harbinger and feel they can better communicate with Ichiro Ozawa, president of the New Frontier Party [NFP].

Regarding the question of how to deal with the jusen issue, the current coalition supporters think the government-ruling parties' draft bill relating to that issue should be brought to the Diet for a vote without any revision. They also want to delay the dissolution of the Diet and the conducting of the next general election as much as possible.

Meanwhile, the conservative-conservative coalition supporters want the budget for the jusen put on "ice," and, by doing that, they want to get the lower house dissolved early, possibly sometime between 19 June, when the ordinary Diet session closes, and 27 June, when the Lyon summit starts.

Prime Minister Hashimoto and NFP President Ozawa held a top party leaders' meeting on 19 March for the ostensible reason of discussing the problem of the NFP picketing of the Diet. But no one believed the NFP picketing was the real reason for the meeting. The speculation is that the two discussed forming a conservative-conservative coalition or a schedule for the lower house dissolution and general election.

Consequently, Chief Cabinet Secretary Kajiyama, who had arranged the meeting, had to quickly call leaders of the SDP and Harbinger to explain the meeting.

The NFP had presented the summoning of LDP General Secretary Koichi Kato to the Diet for questioning in connection with his allegedly receiving illicit political funds as a prerequisite to its stopping the picketing in the Diet. After all, the issue of summoning Kato to the Diet can be viewed from the same political perspective

as the *jusen* issue, and can be viewed as a scheme by conservative-conservative coalition supporters to "remove Kato."

Behind the scenes, the current coalition supporters appear to be communicating with the SDP members who support the revision of the election system. That might appear to have nothing to do with the *jusen* issue, but one can say with certainty these people are trying to block the talk of a early Diet dissolution by bringing up the issue of revising the election system, and thus are trying to have the *jusen* issue settled pursuant to the government-ruling parties' draft bill.

The upper house by-election in Gifu Prefecture, which was supposed to predict how the *jusen* issue would be resolved, ended in a land-slide victory for the ruling three parties. But even the ruling parties do not feel comfortable and confident enough to think that they won the public's trust on the *jusen* issue through the election; however the NFP, whose single-minded tactic of picketing the Diet only brought a miserable loss to it in the election, is in a very serious predicament.

What is clear is that the Japan Communist Party (JCP), whose candidate closed within 4,000 votes of a candidate supported by all other parties in the mayoral election in Kyoto only a month ago, did very well again in the Gifu by-election. The party that is rallying the voices crying "kick out the *jusen*" is not the NFP but the JCP.

Could this be a sign that there is a subtle difference in the thinking between the people of Nagatacho (Diet) and the people of the nation on the question of political reform as well?

Japan: Minister Kubo: Additional 'Jusen' Plan 'Hardly Enough'

OW0904102196 Tokyo KYODO in English
0855 GMT 9 Apr 96

[FBIS Transcribed Text] Tokyo, April 9 KYODO — Finance Minister Wataru Kubo said Tuesday [9 April] an additional scheme mapped out by the tripartite ruling coalition for the liquidation of seven insolvent "*jusen*" housing loan companies is "hardly enough."

The government must seek to have banks shoulder greater financial burdens in liquidating bank-founded *jusen* companies after the Diet approves the government's initial liquidation scheme, Kubo said in reply to an opposition questioner in the budget committee of the House of Representatives.

Negotiations with banks before the diet's approval would be difficult because they would be held without

any foundation for the liquidation of the *jusen*, Kubo said.

As the initial government scheme featuring the use of 685 billion yen in taxpayers' money has met strong public opposition, the ruling coalition has prepared an additional scheme calling for banks and agricultural financial institutions, which are big lenders to the *Jusen*, to increase tax payments by promoting the rationalization of operations.

Kubo also said he has kept telling banks to be ready for new burdens because they need to promote public interests and have strong social responsibility.

Japan's Kajiyama: 'Jusen' Outlay, Diet Impasse May Be Linked

OW0904102096 Tokyo KYODO in English
0828 GMT 9 Apr 96

[FBIS Transcribed Text] Tokyo, April 9 KYODO — The government may consider a de facto freeze of the 685 billion yen outlay to liquidate seven failed "*jusen*" housing loan companies if the three ruling parties make such an overture to break the Diet impasse, the top government spokesman said Tuesday [9 April].

Chief Cabinet secretary Seiroku Kajiyama ruled out the possibility of the government changing its liquidation scheme, under which 685 billion yen in taxpayers' money is to be used from the 75.1 trillion yen government budget for fiscal 1996 that began April 1.

Even if the budget, including the provision, clears the diet, the money cannot be actually spent unless bills to legislate the scheme becomes law, kajiyama told an evening press conference, explaining the nature of the "de facto" freeze.

The passage of the budget for fiscal 1996 has been delayed because of the government scheme.

Japan: BOJ Chief Suggests No Change in Monetary Policy

OW0804050696 Tokyo KYODO in English
0330 GMT 8 Apr 96

[FBIS Transcribed Text] Tokyo, April 8 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita indicated Monday [8 April] there would be no immediate change in the central bank's present easy monetary policy to keep the Japanese economy on a full recovery track.

Addressing a two-day quarterly meeting of BOJ branch managers that began at the central bank's Tokyo headquarters in the morning, Matsushita said, "the Japanese economy is staging a recovery, albeit a moderate one."

"The BOJ will closely monitor developments in monetary and economic conditions, while giving priority to consolidating the groundwork for economic recovery," he said.

Matsushita also said it is necessary to review the BOJ law so that it can cope with changes in the economic and monetary situation and match central bank laws of other industrialized nations.

The Bank of Japan has been maintaining the official discount rate, which the central bank imposes on loans to commercial banks, at a record low of 0.5 percent since early September, when it reduced the rate by half a percentage point.

Matsushita said uncertainty remains over the strength of economic recovery, since the economy is facing various pressures from structural adjustments of Japanese industry.

For a sustainable recovery, it is necessary for the economy to see a smooth shift from the current upturn led by housing and public investment to a recovery powered by private demand, including corporate capital spending and personnel consumption, he said.

Matsushita also said he hopes for early Diet approval of the fiscal 1996 budget and bills aimed at cleaning up problem loans at financial institutions and increasing the stability of the overall Japanese financial system.

The government compiled a 50-day stopgap budget for the fiscal year that started April 1.

Passage of the full fiscal 1996 budget has been delayed due to the confrontation between the ruling and opposition parties over a provision to use 685 billion yen in taxpayers' money for the liquidation of seven troubled housing loan companies.

Matsushita also called on financial institutions to accelerate restructuring and strengthen their capital base.

Commenting on moves to review the Bank of Japan law, Matsushita said, "the current law is not necessarily sufficient for the Bank of Japan to secure appropriate policy management, while maintaining public confidence in the central bank."

Matsushita, however, said full discussions should be held among the people from a wide range of viewpoints, since the BOJ law is the basic law for Japan's currency and monetary policies.

The law, drawn up in 1942 during World War II, gives a broad range of authority to the finance ministry, and critics say the central bank is less independent than its U.S. and European counterparts.

There are moves among the ruling coalition parties to review the BOJ law as criticism mounts of the finance ministry's response to the bad loan crisis at the mortgage companies.

The BOJ meeting is being attended by managers of the central bank's 33 domestic branches and three representative offices in New York, London and Hong Kong.

Matsushita will hold a press conference Wednesday afternoon after the meeting.

Japan: BOJ Managers Reaffirm 'Moderate' Economic Recovery

OW0804125696 Tokyo KYODO in English
0946 GMT 8 Apr 96

[FBIS Transcribed Text] Tokyo, April 8 KYODO — Branch managers of the Bank of Japan (BOJ) reaffirmed Monday [8 April] that the Japanese economy remains on a moderate recovery track.

Delivering a speech at the outset of a two-day quarterly meeting of branch managers, BOJ Governor Yasuo Matsushita said, "the economy is staging a recovery, albeit a moderate one."

He indicated there would be no immediate change in the Central Bank's present easy monetary policy in order to keep the Japanese economy on a full recovery path.

Matsushita said, "it is necessary to keep a close eye on the strength of economic recovery, since the economy is facing various pressures from structural adjustments of Japanese industry."

"The BOJ will give priority to consolidating the groundwork for economic recovery," he said.

The BOJ has been maintaining the official discount rate, which the Central Bank imposes on loans to commercial banks, at a record low of 0.5 percent since early September, when it reduced the rate by half a percentage point.

At the BOJ meeting, most branch managers reported public and housing investments are increasing under the government's series of pump-priming packages.

Corporate production, meanwhile, is moderately picking up amid firmness in personnel consumption and plant and equipment investment, they also said.

Matsushita said that for a sustainable recovery, it is necessary for the economy to see a smooth shift from the current upturn, led by public demand, to a recovery powered by private demand.

At a news conference following Monday's session, Eiichiro Kinoshita, executive director of the BOJ and general manager of its Osaka branch, said, "the economy in the Kansai region (of western Japan) is recovering, but the pace is moderate."

The managers of the Nagoya, Sapporo and Fukuoka branches also had similar assessments about their regional economies.

At the branch managers' meeting, participants said the correction in late 1995 of the yen's sharp rise against the dollar helped give the economy upward momentum.

The Osaka branch's Kinoshita, however, said companies are not necessarily hoping that the dollar will further advance against the yen.

"There are voices among corporate managers that present yen-dollar exchange levels are comfortable in view of securing corporate profits," he said.

In April last year, the dollar slipped below 80 yen and halted moves toward recovery at that time by making Japanese products less competitive in the international market.

In the second half of 1995, however, the dollar regained upward momentum and went back above the 100 yen mark. In recent sessions, the dollar has been changing hands at levels around 107 yen.

Kinoshita also said the recent downturn in exports of electronic devices is a factor causing concern.

Exports of semiconductors and other electronic devices, which previously enjoyed strong shipments, became weak in the January-March quarter due to production adjustments in the United States for personal computers and other information-related products, he said.

In the speech at the BOJ meeting, meanwhile, Matsushita reiterated the need to review the BOJ law as part of Japan's efforts to overhaul its financial administration.

"It is necessary to review the law so that it can cope with changes in the economic and monetary situation and match central bank laws in other industrialized nations," he said.

The law, drawn up in 1942 during World War II, gives broad authority to the finance ministry, and critics say the Central Bank is less independent than its U.S. and European counterparts.

There are moves among the ruling coalition parties to review the boj law as criticism mounts over the finance ministry's response to the bad loan crisis at failed housing loan companies.

Japan: EPA Report: Economy Continuing 'Mild Recovery'

OW0904044396 Tokyo KYODO in English
0303 GMT 9 Apr 96

[FBIS Transcribed Text] Tokyo, April 9 KYODO — Japan's economy is continuing to make a mild recovery, with bright signs seen particularly in housing construction and corporate capital investment, a government monthly economic report said Tuesday (9 April).

The report for April, compiled by the Economic Planning Agency (EPA), was approved by a meeting of cabinet members on economic issues under Prime Minister Ryutaro Hashimoto.

It was the third straight month that the agency used the word "recovery" in the monthly assessment of the national economy. For the six months up to February, the diagnosis was more bearish.

EPA Director General Shusei Tanaka said, however, that acceleration has yet to be felt in the present economic recovery.

"It is a recovery under protection, led by public sector demand," Tanaka said at a press conference after the cabinet meeting.

Tanaka stressed the need for early approval of the fiscal 1996 budget and further deregulation to bring about a full-scale economic recovery.

An EPA official said the agency does not recognize the present recovery as "full-fledged" as there are still areas of concern — the severe unemployment situation and the overseas economic climate, especially in Europe.

Although unemployment eased to 3.3 percent in February from 3.4 percent in January and December, the figure was still higher than the peak of 3.1 percent in May 1987 when Japan was experiencing adverse effects of the strong yen at that time, the official said.

But Labor Minister Takanobu Nagai said at a separate news conference, "With the rate of job offers to job seekers picking up, the employment environment is steadily improving."

The EPA report said favorable moves were notable in housing starts, which were moving at "high levels."

Total housing starts came to an annualized 1.52 million units in February after 1.65 million in January and 1.61 million in December.

An annual level of 1.50 million is needed to meet a government target of building 7.3 million homes over five years from the current fiscal year, the EPA official said.

The official said corporate capital investment also showed positive signs. Citing a Bank of Japan survey in February, he said major corporations' spending on plant and equipment in fiscal 1995, which ended March 31, increased an estimated 3.8 percent from the year before in industries overall, with that in the manufacturing sector jumping 10.0 percent.

The official said the growth is predicted to be smaller at 0.6 percent overall this fiscal year, according to companies' current investment plans. But the pace is usually slower at the start of a business year, and is likely to speed up later in the year, he said.

The trends in industrial output, corporate profits and corporate confidence in Japan were "gradually improving," unchanged from the last report, the official said. The trend for wholesale and consumer prices was "very stable," also unchanged from the previous report, he said.

The official cited concern over the economic climate in Europe, with economic growth recently coming to a standstill in Germany and France.

Japan: EPA Head Urges Financial Administration Overhaul

OW0904055696 Tokyo KYODO in English
0319 GMT 9 Apr 96

[FBIS Transcribed Text] Tokyo, April 9 KYODO — Politicians should take the leadership in proceeding with the drastic reform of financial administration, the head of the Economic Planning Agency (EPA) said Tuesday (9 April).

EPA Director General Shusei Tanaka said at a press conference after a regular cabinet meeting, "Politicians had better set an outline and create an advisory body under a certain government organization to ask for specific recommendation."

Tanaka said his party, New Party Sakigake [Harbinger], and the Social Democratic Party confirmed at a meeting on Monday night that reconstruction and reform of financial administration is the most important task for them.

He said the government should not leave anything unclear concerning the use of tax money for ailing housing loan companies.

While acknowledging the importance of revising the Bank of Japan Law, Tanaka said it is not a principal task.

Japan: Association Head Praises Liberalization for Trust Firms

OW0604112796 Tokyo KYODO in English
0916 GMT 6 Apr 96

[FBIS Transcribed Text] Tokyo, April 6 KYODO — The selection of new trust companies will likely be promoted in line with recent liberalization measures in the financial industry, the head of a trust industry group says.

"I think the selection of trust and banking companies will move forward on the back of the advancement of financial liberalization," said Shozo Endo, president of the Trust Companies Association of Japan, in a recent interview with KYODO News.

Endo, who was inaugurated as president of the association Wednesday (3 April), said it is important for existing trust banks to maintain their own footing.

In connection with the recent establishment of trust subsidiaries by major commercial banks, Endo said, "so far, the reorganization of the industry has been discussed from a viewpoint of internationalization and liberalization but we have to discuss putting priority on customers' convenience."

Endo, who is also president of Chuo Trust and Banking Co., one of Japan's seven trust banks, said that though regulations needed to be eased on the scope of business by trust subsidiaries of major banks, discussion is also needed on what the trust industry should do.

"The trust business is not simply a business for making quick profits. We have to make efforts to gain strong confidence in our business from customers," Endo said.

Consumer confidence in trust banks was badly hurt by the collapse of seven "jusen" housing loan firms due in part to the burst of the asset-inflated "bubble economy" and in part to their reckless lending to realtors, analysts say.

"We will reach a point where we will be able to clear our bad-loan mess if the jusen question is resolved," Endo said.

The seven trust banks are the founders of Jyuso Inc., one of seven insolvent home mortgage firms destined to be liquidated.

"We have no choice but to make all-out efforts to restore the eroded confidence," he said. "Restructuring alone is not enough to get back on our feet."

"We need to bolster our managerial base for sound development of the trust banking industry," Endo said.

"So we will strive to strengthen our operations based on the principle of self-responsibility."

Japan: Agency Urges Improved Retail Trade Practices

OW0704093896 Tokyo KYODO in English
0928 GMT 7 Apr 96

[FBIS Transcribed Text] Tokyo, April 7 KYODO — Accepting kickbacks from wholesalers and other trade practices that boost retail prices are still prevalent among smaller Japanese retailers, especially liquor shops, according to a government report published Sunday [7 April].

The Management and Coordination Agency, which conducted a survey on such practices last year, will urge the Ministry of International Trade and Industry and other government departments Monday to remind industries under their jurisdiction of the agency's earlier calls for improved business practices, agency officials said.

Kickbacks, monetary donations and some other established trade practices "could hamper efforts for streamlining of distribution routes and improvement of their efficiency if such practices are based on the advantageous positions of wholesalers or terms of trade are left unclear, thus resulting in higher retail costs," one official said.

In making the appeal to the government departments concerned, the agency will stress the need for the private sector to take action to improve the situation voluntarily, the officials said.

The survey, taken in the first quarter of 1995, covered 481 small and medium-size retailers handling seven items, including beer, home electric appliances, cosmetics and women's wear.

It found that 71.8 percent of beer retailers were receiving kickbacks from each of their wholesalers.

Also accepting rebates from each distributor were 57.4 percent of electrical appliance shops and 54.1 percent of cosmetics retailers. Only 1.5 percent of women's clothing shops did so.

Asked how they fix tag prices, 86.5 percent of cosmetics retailers said prices are based on manufacturers' suggested retail prices, followed by women's wear shops at 73.0 percent and beer retailers at 59.1 percent.

In contrast, only 4.8 percent of electrical goods retailers followed manufacturers' suggested retail prices, according to the survey.

Japan: MPT: Telecommunications Investment Limits May End

OW0804010796 Tokyo NIHON KEIZAI SHIMBUN
(Morning Edition) in Japanese 2 Apr 96 p 1

[FBIS Translated Text] The Ministry of Posts and Telecommunications [MPT] has begun to study measures for abolishing restrictions on foreign investment in Japan's telecommunications sector.

Foreign capital is currently limited to less than 33 percent of any venture in the telecommunications industry, but the MPT intends to completely liberalize the restriction on all private-sector telecommunication companies. However, the present restrictions will likely continue to apply for quasi-government companies such as Nippon Telegraph and Telephone Corp. (NTT) and Kokusai Denshin Denwa Co., Ltd. (KDD). If the MPT goes ahead with the move, it will open the door into Japan's market for foreign companies, such as U.S. cable television (CATV) firms. Foreign acquisitions and capital ties-up between Japanese and foreign telecommunications operators would also increase. With this plan, the Japanese Government will urge Western nations' market liberalization before the 30 April deadline of the World Trade Organization (WTO) negotiations on telecommunications.

At present, the foreign capital restriction does not apply to Class 2 telecommunications operators — operators using other company's facilities — and satellite telecommunications operators. On the other hand, Class 1 operators owning and operating their own facilities are subject to the foreign capital restrictions. Removal of the restriction will allow 100 percent foreign-capitalized corporations to launch telephone services in Japan with their own networks.

The market liberalization is expected to accelerate foreign capital inflow into the urban CATV market. Currently, only two of about 200 CATV companies in Japan are capitalized, even partly, by foreign companies. Time Warner Entertainment Co. of the United States invests in Titus Communications Co. running business in and around Sagami-hara, Kanagawa Prefecture, and TCI Cablevision, a major U.S. CATV company, is one of the major investors of Jupiter Telecom Co. opening business in Western Tokyo.

Japan's urban CATV market is less-developed compared with the international market. Major CATV companies in the United States have various software and business know-how in this field, and foreign companies may be interested in the acquisition of Japanese CATV providers.

At the WTO negotiations on telecommunications market liberalization, the United States and the European Union (EU) are urging Japan to remove the foreign capital restriction. Japan is also calling for drastic liberalization of Western nations' foreign capital restrictions and clarification of licensing standards and procedures.

According to the MPT, the EU, whose telecommunications market is closed to foreign companies except for the UK, hinted at future liberalization of the market at the bilateral negotiations. The United States also proposed a plan to allow telecommunications companies 100 percent owned by foreign companies as long as they are registered as subsidiaries of foreign companies' U.S.-based subsidiaries. Japan intends to use its liberalization plan to encourage negotiation partners' further concessions, and, depending on the development of the WTO negotiations, market liberalization may come true as early as next fiscal year.

However, the MPT intends to deal with review of foreign capital ceiling of up to 20 percent for NTT and KDD as a future subject, since this depends on future development of business restructuring of those quasi-government corporations now under way.

Japan: JAMA Pamphlet Notes 'Openness' of Auto Market

OW0804114496 Tokyo KYODO in English
0949 GMT 8 Apr 96

[FBIS Transcribed Text] Tokyo, April 8 KYODO — The Japan Automobile Manufacturers Association (JAMA) on Monday (8 April) issued a pamphlet aimed at showing the "openness" of the Japanese automobile market prior to U.S. President Bill Clinton's visit to Japan, scheduled for April 16-18.

The U.S. Government is expected to soon issue its assessment on the progress made by the Japanese automobile industry in the Japan-U.S. automobile and auto parts agreement reached last year.

According to the pamphlet, JAMA said Japanese automobile manufacturers invested an accumulated total of 12 billion dollars in the United States by the end of 1995.

With the investment, they built nine vehicle assembling plants and parts factories that employ a combined 52,000 workers. The number of U.S. dealers of Japanese cars reached 6,600 nationwide and employ 297,000 workers, it added.

Also, the association said that Japan imported a record 362,000 foreign vehicles in 1995, up 31 percent from the previous year. The ratio of imported vehicles in

the Japanese market rose to 10.2 percent in 1995 from 1990's 5.1 percent, it said.

The import figures include vehicles manufactured at Japanese automakers' overseas factories and imported back to Japan, which totaled about 102,000 vehicles, an association official said.

JAMA said it will circulate 5,000 copies of the pamphlet, written in both Japanese and English, to Japanese and foreign governments, their parliaments as well as universities and media in many countries.

Japan: Article Views Automaker Association Chairman Change

OW0804113396 Tokyo EKONOMISUTO in Japanese
2 Apr 96 pp 18-19

[Article: "How To Interpret the Appointment of New Chairman To Head the JAMA"; from the "People and Events" column]

[FBIS Translated Text] It has been informally decided that chairmanship for the Japan Automobile Manufacturers Association [JAMA] should be moved from Masami Iwasaki, vice chairman of Toyota Motor Corporation, to Yoshifumi Tsuji, president of Nissan Motor Corporation. The post of JAMA chairmanship has always been rotated between top Toyota and Nissan managers, so it was only an expected personnel change in view of that practice.

But this time it happens that the change is coming at the time when the auto companies are fighting fiercely over local automobile market shares. In the auto industry, there are now voices of concern saying: "This may mean that now Toyota can do as it pleases, and domestic auto sales competition will only get tougher." The auto industry is starting to worry about what Toyota will do now that its man will not be heading the JAMA anymore.

Toyota last year was in danger of almost going below the watershed level of 40 percent in domestic market share for the first time in 13 years. In the end, that danger was narrowly avoided by taking emergency actions like the company itself buying up vehicles. Explaining the reason for such a sharp drop in the market share, some people noted the mild business manner lately seen in Toyota's auto dealers. One manager of a competitor firm said "the Toyota dealers are behaving well" as if mindful that their boss was chairman of the Federation of Economic Organizations of Japan [keidanren].

But a man who is shaking the dealers up is Seki Okuda who was named president of Toyota Motor Corporation

last August. An old salesman from the former Toyota Auto Sales Company, Okuda is known as one of a kind in the industry. He is now pushing his plan for Toyota's roll-back by investing heavily in sales promotion.

If President Okuda were to take over the post of the JAMA chairmanship, it would be possible to believe that he would be a little more discreet with his domestic sales campaigns. Hoping to use that possibility to their advantage, rival auto companies have tried to urge Okuda to take over the JAMA chairmanship, noting the JAMA chairman normally serves four years — or two terms of two years each — and insisting "since the incumbent chairman from Toyota has served only two years, President Okuda should take over that post from him and serve two years" (to quote a top manager of Nissan). But Toyota rejected the proposal and got its own way. A top executive of Toyota said, "Okuda is still early in his post as president; we want him to devote his time fully to the operation of the company."

Japan: Article Questions 'Next Generation' Military Project

OW0904033496 Tokyo YOMIURI SHIMBUN
(Morning Edition) in Japanese 8 Apr 96 p 3

[Article by political reporter Takayuki Tanaka: "F-2's [FSX] Payload Too Heavy To Take Off;" from the "Political Modernology" column]

[FBIS Translated Text] Mass production of the FSX, the next-generation support fighter of the Air Self Defense Force [ASDF], will begin this fiscal year. The first prototype model was handed to the Defense Agency [DA] last month, and operational tests are now under way. The FSX is a product of the first weapons development program carried out by Japan and the United States at a time of strained economic relations. While some people highly rate the FSX as a "symbol of Japan-U.S. cooperation" (as noted by U.S. Ambassador to Japan Walter Mondale), others criticize it as being "too expensive of a project." The FSX project is unlikely to have a smooth "takeoff."

Support Fighter Is Attack Fighter

"Support fighter" is a special term created by the Self-Defense Forces [SDF] for what is usually called an "attack fighter." Its primary role is to attack approaching ground forces or enemy vessels with missiles and bombs, similar to the roles of the F/A-18 Hornet of the United States, and the Tornado of the UK, Germany, and Italy. The DA says the support fighter is "indispensable equipment for defending Japan, which is surrounded by the sea."

The F-1, Japan's homemade support fighter currently in service, is becoming superannuated, and all F-1's will be scrapped by FY05 on a step-by-step basis. The FSX was designed as a replacement for the F-1, and the FY96 budget bill appropriates 130.9 billion yen [Y] for the purchase of 11 FSX's during the first year of mass production. The mid-term defense buildup plan, which covers a five-year period ending in FY00, proposes purchasing 47 units, and total production is expected to reach 130. The FSX's are expected to be stationed at Misawa (Aomori Prefecture) and Tsuiki (Fukuoka Prefecture) Air Bases to replace existing F-1's.

Shadows of Bilateral Friction

Development of the FSX was first proposed in the 1986-1990 mid-term defense buildup program approved in September 1985. At an early stage, the DA considered the adoption of foreign-made fighters, but chose the development of a homemade model to accelerate the technological development of the Japanese aviation industry.

In June 1986, former U.S. Defense Secretary Casper Weinberger urged former DA Head Yuko Kurihara to use U.S.-made models rather than developing the FSX to redress the huge trade deficits with Japan. Four months later, Japan and the United States reached a final accord to jointly develop the FSX, using the F-16 as the base model.

As a precaution against "technology leaks to Japan," the U.S. Congress prohibited the granting of a flight control computer program. In addition, to guarantee that "the FSX project benefit the United States," former Japanese Ambassador Nobuo Matsunaga and former State Secretary Jim Baker exchanged a memorandum noting "U.S. manufacturers should take a 40-percent share of the mass production."

Such political confusion delayed the FSX project by about two years, and the development costs reached approximately Y327.4 billion, nearly twice as much as the initial estimate. The increase in the development costs boosted demands for a scaledown of the project. During interparty negotiations to finalize the total production of the FSX, the Social Democratic Party [SDP] and New Party Sakigake [Harbinger] demanded a scaledown of the production program. In response, the DA insisted "the United States will certainly get angry if production is reduced." Thus, the surroundings of the FSX project have been symbolizing dynamics of the Japan-U.S. relations.

During the upcoming summit talks on 17 April, Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton are going to declare the success of Japan-U.S.

cooperation in the FSX project. However, the recent hike in the yen rate is pushing down the dollar-based share of the United States, and it is becoming difficult to guarantee its 40-percent share.

Cost-Effectiveness

The most frequently noted problem of the FSX is the price — the average price is estimated at Y8 billion, and, in the first year of production, it cost Y11.9 billion per unit. The FSX has been called "one of the most expensive fighter planes in the world." The division of labor between Japanese and U.S. companies pushed up production costs, and the per unit price drastically exceeded the initial estimate of approximately Y5.4 billion (in 1988), up Y1.7 billion even after subtracting the amount pushed up by inflation.

The production costs may decrease if Japan can export the FSX; however, this is impossible due to the nation's arms export ban. It appears that a reduction in the FSX's costs through production increases is unlikely.

Regarding performance, the DA stresses that the FSX has a desirable weapon payload, including up to four air-to-surface missiles (ASM-2's) and anti-ground bombs, an action performance that is satisfactory for interception missions, and an action radius of 450 nautical miles, compared with 300 nautical miles for the F-1.

The ASDF wants to use the FSX's for 1) attacking enemy ground forces in combat; 2) escorting Maritime Self Defense Force vessels; and 3) intercepting enemy fighters. The ASDF says the FSX has satisfactory performance in "anti-vessel and anti-ground attack capabilities and high air defense capabilities."

Yet, many policymakers question the performance of the FSX. During the lower house Security Committee session in November 1995, former Posts and Telecommunications Minister Shun Oide of the SDP noted: 1) the pin-point bomber capability of the F-16 was taken away from FSX; and 2) the F/A-18 is less expensive than the FSX, but it can carry two more air-to-surface missiles. Oide stressed: "We can purchase better fighters (at cheaper prices)."

From a similar viewpoint, THE WALL STREET JOURNAL of the United States also noted that the FSX is "inferior to the F-16 despite the time and costs consumed."

The DA said: "The FSX has a greater variety of weapons than the F-16," and "The speed and action radius of the F/A-18 do not satisfy our performance requirements." As the main contractor, Mitsubishi Heavy Industries, Ltd. referred to the possibility of future modifications, saying: "In consideration of cost-effectiveness, upgrad-

ing measures are necessary to keep the FSX ultramodern."

North Korea

DPRK Commentary Assails ROK 'War Hysteria'

SK0804122696 *Pyongyang Korean Central Broadcasting Network in Korean* 0854 GMT 8 Apr 96

[NODONG SINMUN 8 April commentary: "Do Not Run Wild Without Discretion"]

[FBIS Translated Text] Instead of calmly assessing the graveness of the current situation, the South Korean puppets are acting without discretion. They groundlessly link the breakout of the Korean war with us, and talk about our attack and rave about some sort of payment. They also convene emergency security meetings and issue statements.

As we can see, the South Korean puppets, instead of pondering our warning, are trying to eliminate us in league with foreign forces, like a puppy knowing no fear of a tiger and running wild without discretion. The South Korean puppets' reckless war hysteric mania to put the northward aggression plan into actual practice in league with foreign forces is making a new war on the Korean Peninsula a reality. [oesewa yahaphayo pukchimgyehoeugul silchone omgiryonun namjosen koeroedurui mumohan chonjaeng histerijok kwangchungguro hayo chigum choson pandoenun saeroun chonjaengui palbari hyonsilchogin kosuro toetota] They have spread rumors about the possibility of our military adventurism and unpredictable danger, placed the puppet forces on an ultra-emergency standby posture, and run wild in the war frenzy to launch a surprise attack against us any minute on the ground, on the sea, and in the sky.

A bloody wind of war is blowing all over South Korea. Facing the worst social, political, and power crisis since it assumed power, the South Korean puppet clique's last resort is to desperately seek a way out from a war of northward aggression. They depend for their lifeline on northward aggression. Frenzied with war maneuvers, they dared slander our supreme leadership [choego chidobu] using the most grave reckless remarks. Of course, it goes without saying that the South Korean puppets' reckless war commotion has been manipulated by the U.S. bellicose circles.

Today, South Korea is strengthening very dangerous military actions that can only be seen on the eve of war, placing the Korean Peninsula under the worst situation. To cope with this, we solemnly declared to the world a few days ago that we would seek due countermeasures, including those steps regarding the situation of the

Military Demarcation Line (MDL) and the DMZ, whose status can no longer be kept.

The self-defensive measure we took on 4 April in connection with this shows our position in action. The current situation has made it inevitable that we would take such a self-defensive measure. The South Korean puppets disregarded the demands of the Armistice Agreement concerning the DMZ, and deployed here a large number of tanks, artillery of various diameters, and heavy weapons, as well as numerous armed personnel. The MDL and DMZ have turned into a militarized zone for northward aggression, and a new position from which to launch an attack. Therefore, those who violently infringed upon the Armistice Agreement and brought the code of behavior inside the DMZ to a lawless state are fully responsible for our recent self-defensive step.

We have reacted to all actions against us with maximum self-restraint and patience and have sincerely exerted our efforts to peacefully resolve the issue through dialogue. However, the reality shows that dialogue has limitations. Particularly, under today's conditions in which dialogue is being replaced by a war, we cannot display patience and self-restraint forever. In fact, up to now, there had been frequent extremely dangerous situations which might have led to an explosive event on the Korean Peninsula, but the armistice has not been destroyed and war has not recurred because of our maximum self-restraint and patience, as well as our active efforts to guarantee peace.

It is basic morality and custom to answer goodwill with goodwill, generosity with generosity. Disregarding this, however, the South Korean puppets mistook our patience and endurance for weakness and viciously challenged us by running wilder with the war maneuver of northward aggression. We can no longer endure or just watch their rude and reckless acts. Our self-restraint and patience has passed the limit. We do not intend to scare someone with threatening words or create a mood of horror. It is not in our character to speak empty words without content. We do what we say; once we make up our minds, we put it into practice without fail.

Our invariable position and principle is not to make the least concession on issues directly concerning our sovereignty and dignity. We also have a right to choose. We also have torches and billy clubs, and we are ready to use them anytime. The character of our people and People's Army is that they do not know pessimism under any circumstances and fearlessly advance to win every war. If the South Korean puppets regard our warnings as empty words and devote themselves to war

hysteria, they should remember that they will not be able to avoid an irrevocable disaster.

Repentance is always late. The South Korean puppets should not act recklessly but had better act with discretion.

DPRK: ROK's Upgrading of Military Alert Status Denounced

SK0804170896 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 8 Apr 96

[Commentary by Kim Ho-sam: "Do Not Act Without Discretion"]

[FBIS Translated Text] According to a report from Seoul, the South Korea-U.S. Combined Forces Command has said that it will strengthen intelligence and surveillance activities against us in connection with the self-defensive measure we took pursuant to the statement issued by the spokesman of the Korean People's Army Panmunjom Mission. The contents of the plan are to upgrade the current Watch Con 3 — the intelligence and surveillance posture against our Republic — to Watch Con 2. The Watch Con 2 newly initiated by the South Korean-U.S. Combined Forces Command means that the South Korean puppets are strengthening their intelligence gathering and analysis capabilities against us as there is a significant threat to their interests.

The South Korean puppets openly say that this intelligence and surveillance measure is being undertaken for the first time in the last 15 years. According to the measure taken by the South Korea-U.S. Combined Forces Command, the South Korean puppet Defense Ministry instructed the entire Army to strengthen early warning activities on the land and sea, and in the sky, and to recheck the wintertime operational posture. Such military moves of the South Korea-U.S. Combined Forces Command and the South Korean puppet Defense Ministry plainly show their attempt to use our new measure as the pretext to ignite a war any minute based on their vicious espionage against our Republic.

As it has been reported, on 4 April traitor Kim Yong-sam came to a very front unit of the central front to check the actual combat capabilities of the puppet army. He asked the puppet army to be equipped with a perfect security posture and preparedness.

At 2000 [1100 GMT] on the same day, foreign and security related heads — including the puppet deputy prime minister in charge of unification, the puppet foreign minister, defense minister, director of the agency for National Security Planning, presidential chief of staff, and puppet presidential secretary for foreign and security affairs — gathered at an emergency reunification

and security ministers' meeting to discuss schemes to strengthen provocations against us. We must pay attention to the fact that the intelligence scheme against us has been strengthened after such a meeting. This shows that the puppets' operational plans are becoming concrete one after another and being put to actual practice according to a premeditated war scenario.

This is a very dangerous military move.

It has already been exposed, but recently traitor Kim Yong-sam even made an extremely reckless remark by saying that it is possible to resolve the issue of North-South relations only through military strength. When linking such bellicose words and behavior by traitor Kim Yong-sam to the measure of strengthening intelligence and surveillance preparedness against us, we can all the more clearly know that the rascal is currently trying to ignite the fire of war.

In reality, on 5 April the puppet Defense Ministry strengthened patrol activities in the sky, on the ground, and at sea, and ordered reexamination of the wintertime operational posture (tonggye chakchon taese). This is in essence the same as instructing all the forces of the puppet army to occupy a position for launching an attack and then wait for an order for an assault.

Then why is the Kim Yong-sam ring all the more running amok these days and moving toward the road of war? The reason for this is none other than that the puppet parliamentary elections, which will gravely judge them, are right around the corner.

However, even at this moment it is being all the more revealed that victory for the New Korea Party (NKP) in the elections into which it has put so much effort is very uncertain and things look gloomy for them. Traitor Kim Yong-sam is appalled at this. Because of this, the Kim Yong-sam ring is trying to escape the crisis through war and is trying to realize the NKP's long-term seizure of power.

However, for the puppet traitor, the new war provocation cannot be a solution to overcoming the crisis or a means to prolonging its regime. This will rather only bring about ahead of schedule the rascal's ultimate destruction.

As we have already declared, if the puppets dare touch even an inch of our fatherland's land and a blade of grass, we will thoroughly smash them through strong self-defensive measures. The Kim Yong-sam ring must not act rashly. The South Korean puppets must bear in mind that reckless acts are the final road driving them toward death.

DPRK: 'Political Burlesque' in ROK Alleged
SK0804130496 *Pyongyang KCNA in English*
1050 GMT 8 Apr 96

["White Paper on Truth Behind Traitor Kim Yong-sam's 'Presidential Election' Fund" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, April 8 (KCNA)* — The Central Committee of the National Democratic Front of South Korea on April 3 released a white paper laying bare the truth behind the traitor Kim Yong-sam's "presidential election" fund and his moves to cover it up, Seoul-based radio Voice of National Salvation said.

According to the document, the traitor Kim Yong-sam contrived to raise the 1992 "presidential election" fund amounting to astronomical figures in various forms and through different channels from No Tae-u and big businesses.

It goes on to say:

When the unstable political situation in which the ruling party was minority and the opposition party was majority was created with a defeat in the "general elections" on April 26, 1988, No Tae-u hatched a plot to win over Kim Yong-sam and asked Kim to agree upon the "merger of parties" as a measure to bridge it over. No gave Kim money of 20 billion won in reward for his agreement.

Kim Yong-sam was given the money to the tune of some 150 billion won under the pretext of encouraging the "merger of three parties".

When Kim Yong-sam asked No to donate the money of 50 billion won for his "presidential election" fund after his nomination of "presidential" candidate on May 19, 1992, No met his demand in a bid to guarantee safety. No Tae-u did not want to follow in the wake of Chon Tu-hwan after his resignation.

Kim Yong-sam received money amounting to tens of billions of won from No Tae-u on August 20 that year and 300 billion won on the very day when No declared his secession from the "Democratic Liberal Party." He also squeezed a huge amount of money from No several times even after his secession. In testifying to the fact, Chairman of the "New Korea Party" Kim Yun-hwan who was former vice-chairman of the "DLP Election Measure Committee" said that "No Tae-u donated hundreds of billions of money to the DLP as election fund from May to October 1992."

On March 31, No Chae-hon, a son of No Tae-u, confessed that he gave "Kim Yong-sam a huge amount of presidential election fund."

Kim Yong-sam received a huge amount of "election" fund from financial circles as well.

He let Yi Won-cho, former "director of the Agency of Bank Control", take charge of big businesses so that he could squeeze tens of billions of won for "election" fund from them.

The "presidential election" fund squandered by Kim Yong-sam amounts to 2,000 billion won. Which has already been known to the public. [as received]

Kim Yong-sam left no stone unturned to conceal the truth behind the illicit money-hoarding.

Driven to a tight corner with the truth behind No's "slush fund scandal" being brought to light, Kim Yong-sam asked No to make an apology to the people and go to his hometown and not to open to the public the truth behind the 1992 "presidential election" fund in any case. He promised him to guarantee his future safety instead.

The arrest of No and an investigation into his case were a shocking therapy and a political farce designed by Kim Yong-sam in a bid to keep the truth behind the "presidential election" fund from the public.

With a view to diverting elsewhere the attention of the people Kim made public what he called a "bold decision to enact the May 18 Special Law" and threw Chon Tu-hwan behind bars before the enactment of the "special law". This was another political burlesque. He also gave instructions to the press to hush up the "slush fund scandal" and employed a crafty technique in an effort to make big businesses keep mum about it.

In a bid to emerge from the crisis caused by the "presidential election" fund Kim Yong-sam has resorted to smear campaign against the northern half of Korea, clamouring about the "military threat from the North".

The document adds that the traitor Kim Yong-sam should not try to cover up the truth behind the "presidential election" fund and prolong his dirty remaining days, but open it to the public and step down at once as demanded by the people.

DPRK Paper Says Kim Yong-sam, NKP 'Crazy for Power'

SK0904041496 *Pyongyang KCNA in English*
0345 GMT 9 Apr 96

['Election' Frauds Should Be Judged" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 9 (KCNA) — MINJU CHOSON today comments on the fact that the gangsters of the "New Korea Party (NKP)" of the traitor Kim Yong-sam are hell bent on the "election"

frauds on the threshold of the "parliamentary election" to be held on April 11.

The "New Korea Party" is intensifying black propaganda of slandering opposition candidates, employing gangsters to beat them and their supporters, bribing voters with money and valuables and invoking even "government" power.

Kim Yong-sam and the "NKP" are leaving no stone unturned in irregularities and swindles, the commentary of the paper says, branding this as a product of the consciousness of crisis.

The analyst goes on:

The "NKP" is becoming the target of curse, denunciation and hatred among the South Korean people, for it has resorted to evil acts against the nation, democracy and reunification. Upset by this, Kim Yong-sam and the "NKP" are desperately clinging to money, violence and power abuse in "elections" behind the signboard "fair elections". But this fully shows the base colors of Kim Yong-sam and the "NKP" crazy for power.

The South Korean people will bring down a stern judgement on the Kim Yong-sam-led "NKP" at the upcoming "parliamentary elections".

DPRK: ROK ULD's Criticism of NKP in South Korea Noted

SK0904034796 *Pyongyang KCNA in English*
0325 GMT 9 Apr 96

['S. Korean 'ULD' Criticizes 'NKP' Plots Over 'Election' — KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 9 (KCNA) — A spokesman for the "Election Measure Committee of the United Liberal Democrats (ULD)" in a commentary Sunday criticized plots of the "New Korea Party (NKP)" concerning the forthcoming "general election," according to a radio report from Seoul.

He accused the "NKP" of trying to abuse the allegation about the North's "military threat" in the "election" by frightening the people with the fiction.

He said the present serious situation has been caused mainly by the wrong policies of the government and the ruling party towards the North.

"I am convinced that the voters will sternly judge conspiratorial policies of the 'New Korea Party' in the 'election'", he said.

DPRK: 'Hantongnyon' Denounces Death of Yonsei University Student

*SK0604100096 Pyongyang KCNA in English
0954 GMT 6 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 6 (KCNA) — The Federation of South Koreans in Japan for Democracy and Unification (Hantongnyon) issued a statement on April 1 denouncing the Kim Yong-sam group for killing student No Su-sok, who participated in a peaceful demonstration.

The statement said that No's death by group beating of the combat police revealed again that the Kim Yong-sam regime is an anti-democratic dictatorial regime, murderous regime which is essentially the same with the military dictatorial regime.

It called upon the national democratic forces to bring down a sledge hammer on the Kim Yong-sam murderous regime, firmly united with the people.

DPRK: Japanese Youth League Condemns Death of University Student

*SK0604095896 Pyongyang KCNA in English
0952 GMT 6 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 6 (KCNA) — The League of Korean Youth in Japan in a statement Tuesday [2 April] condemned the Kim Yong-sam fascist clique for indiscriminately cracking down upon the demonstrations of South Korean youth and students and beating to death No Su-sok, a student of Yonsei University.

The statement branded the fascist clique as the enemy of fellow countrymen, vehemently castigating it with the resentment of all the Korean youth and students in Japan.

We Korean youth and students in Japan will never pardon the Kim Yong-sam group's outrage, but let it pay for the death of student No Su-sok and for the victim of all youth and students and pro-reunification patriots of South Korea through a joint struggle of youth and students in the North, the South and overseas, and achieve national reunification at any cost, said the statement.

DPRK: Pyongyang Students, Teachers Demand Release of ROK Coeds

*SK0504095796 Pyongyang KCNA in English
0915 GMT 5 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 5 (KCNA) — A meeting of the teachers and students of Pyongyang University of Foreign Studies was held on April 4 to de-

nounce the Kim Yong-sam group's fascist suppression of coeds Chong Min-chu and Yi Hye-chong, "birds of hope for reunification".

Speakers said that all the teachers and students of the university will actively solidarize with the South Korean students and people in their struggle for independence, democracy and reunification and wage a powerful struggle to release pro-reunification patriots including the "birds of hope for reunification".

They strongly demanded that the South Korean fascist clique clearly see the united might of the youth and students in the North, South and overseas and the ardent desire of the fellow countrymen for reunification, immediately set free all the pro-reunification patriots including Chong Min-chu and Yi Hye-chong and step down.

They stressed that the one million students of South Korea's Federation of University Student Councils should avenge the death of student No Su-sok and other martyrs thousandfold in solidarity with all other people and deal a heavy blow to the Kim Yong-sam "civilian" fascist regime through a more powerful struggle.

A letter to the students of Incheon University and Catholic University of South Korea was adopted at the meeting.

The letter expressed the expectation and conviction that the students of Incheon and Catholic Universities, which produced the "birds of hope for reunification," will take the lead in the just struggle of the South Korean students to terminate the bestial rule of the "civilian" fascists and achieve democracy and independence of society and national reunification.

DPRK: SKNDF Department Urges ROK Workers To Rise in Struggle

*SK0904032496 Pyongyang KCNA in English
1041 GMT 8 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA) — The Worker and Peasant Department of the Central Committee of the National Democratic Front of South Korea (NDFSK) issued an appeal to the ten million workers of South Korea on April 4 calling on them to rise up in the spring struggle for wage hike, said Seoul-based radio Voice of National Salvation.

If the workers are to win in this year's struggle for wage hike, they should set a proper goal and attain it with an uncompromising struggle, the appeal said.

It called on all the workers to launch a powerful struggle to have the evil labor relations act totally abrogated and the three rights of labor and other basic rights

ensured for them and to defend the general federation of democratic trade unions.

It said:

Ours should develop to be a struggle to topple the Kim Yong-sam regime. The ten million workers, let all of us join in the struggle for having the 1992 "presidential election" fund made public.

Let us deal a heavy blow at Kim Yong-sam's "New Korea Party", which has been put on hot water over the slush fund scandal, pressing a demand for the "presidential election" fund and the money collected from accounts opened with the bank under assumed name or other's name to be directed to wellbeing of the workers.

DPRK Dailies Urge Peace, Reunification Through National Unity

SK0604095396 *Pyongyang KCNA in English*
0942 GMT 6 Apr 96

["Peace and Reunification Through Great National Unity Called For" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 6 (KCNA) — Newspapers here today call upon all the Koreans to safeguard peace of the country and achieve its reunification by the great unity of the whole nation.

The papers make this call in editorials dedicated to the third anniversary of the publication of the great leader President Kim Il-song's work "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country".

In the work President Kim Il-song elucidated in a unique way the general goal of great national unity, which is to found a pan-national unified state, independent, peaceful and neutral, through the great unity of the whole nation; the ideological basis for the unity; the principle of unity, which is to promote co-existence, co-prosperity and common interests and subordinate everything to the cause of national reunification; and the practical ways for it.

It is high time that all the Koreans in the North, South and overseas rallied themselves more closely and valiantly turned out in the nationwide movement for saving the country and nation from calamities by war and defending peace, NODONG SINMUN says, and goes on:

All the Koreans at home and abroad who love the country and hope for peace and national prosperity, should join their voices and take concerted step in the struggle to oppose arms buildup and large-scale war exercises of the bellicose elements within and without

and remove the danger of nuclear war. And they should wage a struggle so powerfully that the United States may agree to the establishment of a peace mechanism with the DPRK as soon as possible.

All the fellow countrymen in the North, South and overseas should launch a vigorous struggle to decisively overthrow the arch traitor Kim Yong-sam and his group and abrogate and remove the "National Security Law" and all other legal and institutional mechanisms in South Korea, which are obstructive to contact and dialogue between the North and the South and to reunification.

The prospect of national reunification is bright and the cause of reunification is sure to be achieved because the great leader Comrade Kim Chong-il, the sun of the nation and lodestar of national reunification, stands at the head of our people and the 10-Point Programme of Great National Unity indicates a short-cut to the reunification by the nation's own effort, the paper stresses.

MINJU CHOSON calls upon all the Koreans in the North, South and overseas to actively turn out in the nationwide solidarity struggle to resolutely check and frustrate war maneuverings of the U.S. ultra-rightist conservative forces and the South Korean bellicose elements and make 1996 a "year of peace and great national unity", transcending differences in ideology, system, political view and religious belief.

DPRK: Yugoslav Federal Assembly Speaker Comments on Visit

SK0904023796 *Pyongyang KCNA in English*
1031 GMT 8 Apr 96

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA) — The delegation of the Yugoslav Federal Assembly led by its Speaker of the Chamber of Citizens Rodoman Bozovic gave impressions of its Korean visit in an interview with a reporter on April 6.

The head of the delegation said that its visit to Korea marked an important occasion in confirming how high the friendly relations existing traditionally long between the two countries are.

The excellent relations of friendship between the two countries have been developed on the basis of several meetings and talks between His Excellency Kim Il-song, the great leader of the Korean people, and president Tito and their friendly relations, he said, hoping that the friendly relations between the two countries will develop onto a new higher stage.

Referring to his visit to the international friendship exhibition, he stated that His Excellency Kim Il-song is

indeed a great leader who is deeply respected by many heads of state of the world.

Vice-president of the Council of the Republic of the Federal Assembly Radmilo Bogdanovic who is deputy head of the delegation said that he saw at the first hand Korea is a powerful country.

He noted: No other nation and people in the world but the Korean people uphold their leader and his successor with loyalty and ardently revere and follow them.

Herein lies the source of the most powerful strength of the Korean people, which convinced me of the future of Korea which will further prosper and develop.

The wise guidance of the dear leader Comrade Kim Chong-il and the unity and cohesion of the Korean people who are united around him in an integral whole firmly guarantee a bright future of your country.

DPRK: Delegation Departs for Bulgaria; Groups Arrive for Visit

SK0604113196 *Pyongyang KCNA in English*
1037 GMT 6 Apr 96

[Spelling of non-Korean names as received]

[FBIS Transcribed Text] Pyongyang, April 6 (KCNA) — A delegation of the DPRK Ministry of Post and Telecommunications led by Minister Kim Hak-sop left here today to visit Bulgaria.

Meanwhile, arriving here were a delegation of the Presbyterian Church of the United States headed by President Carpenter Marjorie Louise; a delegation of Moscow State University led by Prof. and Dr. Aleksandr Kovalyov, chairman of the Association of Scientists for the Study of Human Affairs in the Present World; Sonu Hak-won, senior advisor to the U.S. headquarters of the National Alliance for the Country's Reunification (Pomminnyon), and his companion; Kim Sun-hwan, vice-chairman of the European regional headquarters of Pomminnyon, and his companion; Chon Sun-yong, chairperson of the association of Koreans in Canada, and her companion; a delegation of the Association of Supporters to the Art Troupe of Koreans in the United States; a visiting group of Korean residents in Japan; and Kim Un-ha, director of SINHAN MINBO, a Korean newspaper in the United States.

DPRK: Hwang Chang-yop Meets Moldovan Communist Party Delegates

SK0604101296 *Pyongyang KCNA in English*
1005 GMT 6 Apr 96

[FBIS Transcribed Text] Pyongyang, April 6 (KCNA) — A delegation of the Party of Communists of the

Moldovan Republic led by V.N. Voronin [spelling of name as received], first secretary of its Central Committee, arrived here today.

It was met at the airport by Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea (WPK), and Chi Chae-yong, vice director of a department of the WPK Central Committee.

DPRK: Moldovan Party Delegation Pays Homage to Kim Il-song

SK0604113396 *Pyongyang KCNA in English*
1007 GMT 6 Apr 96

[FBIS Transcribed Text] Pyongyang, April 6 (KCNA) — A delegation of the Party of Communists of the Moldovan Republic led by V.N. Voronin [spelling of name as received], first secretary of its Central Committee, called at the statue of the great leader President Kim Il-song on Mansu Hill today to pay homage to him.

Present there was and Vice Director of a Department Chi Chae-yong of the Central Committee of the Workers' Party of Korea.

The guests laid bouquets before the statue of President Kim Il-song with deep reverence for him, who made an immortal contribution to the human cause of independence and the development of the international communist movement, and made a bow.

DPRK: Workers Party, Moldovan Party of Communists Hold Talks

SK0904032196 *Pyongyang KCNA in English*
1052 GMT 8 Apr 96

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA) — Talks were held between delegations of the Workers' Party of Korea and the Party of Communists of the Moldovan Republic here today.

Present there on the Korean side were Secretary Hwang Chang-yop, vice-director of a department Chi Chae-yong of the WPK Central Committee and other officials concerned, and on the opposite side were the members of the delegation led by first secretary of the Party Central Committee V.N. Voronin.

At the talks the two sides informed each other of their party activities and discussed the matter of developing the friendly relations between the two parties and peoples of Korea and Moldova.

The talks proceeded in a friendly atmosphere.

DPRK: Kim Chong-il Thanks Working People, Students

SK0804061396 *Pyongyang KCNA in English*
0549 GMT 8 Apr 96

[FBIS Transcribed Text] *Pyongyang, April 8 (KCNA)* — The great leader Comrade Kim Chong-il sent thanks to the State Agricultural Commission, the general management bureau of sports facilities under the State Physical Culture and Sports Commission, the Taesong General Bureau, the Three Revolution Exhibition, the welding pipe branch factory of the general central heating network enterprise, a teacher Kim Kyong-son and students of Samhung Middle School in Pyongyang and many other officials and working people of various units and students, for giving full play to traditional Army-people unity.

He also sent thanks to the employees of the Kanggye Department store in Chagang Province for their contribution to improvement of the people's living standard through the vigorous "Chong Chun-sil movement".

His thanks also went to members of the safety workteam of the excavation workshop of the hydro-power station construction complex No. 1 and their family members for their contribution to expanding the nation's forest resources, Kang Yo-ki, an engineer at the Industrial Laboratory of the Pyongyang General Printing Plant for his contribution to computerizing printing processes and doing good things for society and the collective, and many officials and working people including Kim Tae-kun, a worker at Hyangsan Hotel, for their volunteering to work at toilsome sectors of the socialist construction.

DPRK Rally Honors Kim Chong-il as Head of Defense Commission

SK0904122296 *Pyongyang KCNA in English*
1110 GMT 9 Apr 96

[FBIS Transcribed Text] *Pyongyang, April 9 (KCNA)* — A national rally was held at the April 25 House of Culture here today to mark the third anniversary of the election of the Great Leader Comrade Kim Chong-il as chairman of the National Defence Commission of the DPRK (April 9, 1993).

It was attended by Yi Chong-ok and Pak Song-chol, Politburo members of the Workers' Party of Korea Central Committee and vice-presidents of the DPRK; Kim Pyong-sik, chairman of the Korean Social-Democratic Party Central Committee and vice-president of the DPRK; KPA Marshal Choe Kwang, Politburo member of the WPK Central Committee, vice-chairman of the National Defence Commission of the DPRK and minister of the People's Armed Forces; and other senior officials of the party and the state; senior officials of party

and government bodies and working people's organisations; anti-Japanese revolutionary veterans; soldiers of the Korean People's Army; and working people in the city.

KPA Vice Marshal Kim Kwang-chin, member of the National Defence Commission of the DPRK, made a report titled "Our People and People's Army Will Be Ever-Victorious Under Great Leader."

The reporter said:

With the respected Supreme Commander Comrade Kim Chong-il at the head of the self-reliant defence forces, the chuche revolution could reliably be guaranteed generation after generation, and our country and revolution and the cause of army building could have a bright prospect for eternal victory.

Under the wise leadership and meticulous care of the great General Kim Chong-il, the military equipment of the KPA has become strengthened and modernised to suit the demands of modern warfare so that our revolutionary Armed Forces have grown into invincible combat units equipped with powerful means of attack and defence, able to defeat any formidable enemy at one stroke in any time and any place.

Our militia forces including the Worker-Peasant Red Guards and the Young Red Guards have grown to be so strong that in case of emergency they can defeat the invaders and defend their worksites and villages independently as well as in cooperation with the People's Army. The whole country has turned into an impregnable fortress.

Our people and People's Army soldiers always feel reassured and are fully optimistic and confident that they can defeat any imperialist aggressors at one stroke as they are led by Comrade Kim Chong-il, an iron-willed brilliant commander who has turned our socialist country into a powerful state in terms of politics, ideology and military affairs with his great ideas and tested leadership so that the dignity and prestige of Kim Il-song's Korea and the Kim Il-song nation are demonstrated all over the world.

The reporter quoted Comrade Kim Chong-il as saying:

"We must continue to strictly implement the party's self-reliant military line and increase the defence capabilities of the country with a high sense of pride and self-confidence. When the enemy dares mount an attack, we must fight in high spirits and demonstrate the invincible strength of the heroic Korean people all over the world once again."

The reporter went on:

The South Korean puppets have decided to start a real war and the ultra-rightist conservatives of the United States zealously encourage their reckless war preparations behind the scenes. Under this grim situation, it is only too natural that the People's Army should adopt a countermeasure.

The mission of the revolutionary Armed Forces of the DPRK to safeguard the security of the country and the gains of the revolution is not confined to defence in face of aggression.

The habit of the KPA is to counter fire with fire and stick with stick.

The People's Army soldiers, the Worker-Peasant Red Guards, the Young Red Guards and all other people are sharply watching every movement of the enemy. If the U.S. imperialists and the South Korean puppets intrude into our territory, our airspace and our waters even an inch, we will annihilate the invaders with a strong self-defensive measure and uproot the source of war on the Korean Peninsula.

The U.S. imperialists and their stooges must not mistake the firm, resolute position of our people and Revolutionary Armed Forces but act with discretion, mindful of the fatal consequences they will suffer from their anti-DPRK campaign and new war preparations.

No matter how desperately the imperialists and all other reactionaries of history may try to spoil the red flag of our revolution, the banner of chuche socialism, our People's Army and people led by General Kim Chong-il, the brilliant commander of Mt. Paektu type, will never hoist down the red flag of revolution in any adversity but will defeat the enemy, reunify the country and complete the chuche revolution at any cost.

**DPRK Papers Mark Kim Chong-il's NDC
Chairmanship**

SK0904060096 *Pyongyang KCNA in English*
0507 GMT 9 Apr 96

["DPRK Armed Forces Ever-Victorious, Led by Great Brilliant Commander" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, April 9 (KCNA)* — The Revolutionary Armed Forces of the DPRK under a great brilliant commander will win victory after victory.

Pyongyang-based newspapers today declare this in editorials dedicated to the third anniversary of the election of the great leader Comrade Kim Chong-il as chairman of the National Defence Commission of the DPRK (April 9, 1993).

NODONG SINMUN has this to say:

Respected Comrade Kim Chong-il is the supreme leader of the DPRK and the symbol of invincibility for the Korean people. Led by him, the Korean revolution is creditably carried forward, the DPRK is famous as an invincible socialist state and its Revolutionary Armed Forces are matchlessly strong.

The great leader Comrade Kim Il-song said:

"As Comrade Kim Chong-il is successfully carrying forward our revolutionary cause, everything goes well now in our country and will continue to do so in the future."

Comrade Kim Chong-il, the respected supreme commander, is the outstanding successor to the leader's cause and a great military strategist and statesman versed in pen and sword.

His election as chairman of the National Defence Commission of the DPRK, who commands the Armed Forces as a whole, was an important event which demonstrated his absolute position as the supreme leader of our state. This auspicious event provided a firm guarantee for inheritance and accomplishment of our revolutionary cause.

His leadership is mainly characterised by commanding the Armed Forces while leading the revolution; Leading the revolution and construction as a whole as well as army building.

He is a matchless general of the Mt. Paektu type with an iron will and extraordinary courage, an outstanding military strategist with distinguished military wisdom and tactics and a veteran statesman who leads the revolution and construction as a whole as well as army building.

He has an invincible spirit, matchless courage and unshakable faith. He leads everything to victory, is not afraid of any formidable enemy and believes that there is a way out even if the sky falls down. He asks everyone to see who wins the final victory.

Our People's Army has inherited his courage and had its courage trained by him. So, it fights and wins courageously. Its strike is merciless and severe.

With a clairvoyant military wisdom, he penetrates into the fast-changing situation. With his superb tactics, he foils any strategy of the enemy at one stroke. He always sees into a far greater distance than the enemy. He is great as he has both the wisdom of a veteran and the courage of a determined brilliant commander.

Our People's Army today is superior to the enemy in terms of political and ideological preparedness, strategy

and tactics. The KPA [Korean People's Army] is also fully prepared in military technique.

The aggressors who fight this revolutionary army will get nothing but death.

As we have Comrade Kim Chong-il, a great veteran statesman, at the head of the party, the state and the army, we have nothing to fear and nothing impossible to do.

Our Revolutionary Armed Forces led by him will always emerge victorious and, if aggressors dare to attack, will wipe them out and uproot the main source of war on the Korean peninsula.

Final victory is in store for our people led by a great brilliant commander.

MINJU CHOSON stresses the DPRK is impregnable as it has the respected supreme commander Comrade Kim Chong-il, an outstanding military genius and determined brilliant commander, at the head of the Armed Forces.

DPRK Daily Marks Kim Chong-il's NDC Chairmanship

SK0904055196 *Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 9 Apr 96*

[NODONG SINMUN 9 April editorial: "Our Revolutionary Armed Forces Will Be Ever Victorious"]

[FBIS Translated Text] Our Republic is an invincible stronghold of socialism. Upholding the banner of revolution and the banner of socialism, it is smashing [chit-pusimyo] challenges by imperialists to vigorously advance. This is the dignified trait of our Republic today.

At a time when our national strength has increased rapidly, and the entire party, all the people, and the entire Army are filled with the resolute revolutionary spirit of defying death to defend the revolutionary nerve-center [hyongmyongui sunoebu], we meaningfully mark the third anniversary of the election of respected and beloved Supreme Commander Comrade Kim Chong-il as chairman of the DPRK National Defense Commission [NDC].

Today, respected and beloved Comrade Kim Chong-il [kyongachanun Kim Chong-il tongji] is the supreme leader [choego yongdoja] of our Republic and the symbol of ever-victorious record to us. Thanks to respected and beloved Supreme Commander Comrade Kim Chong-il, the lifeline of our revolution is maintained stoutly; our Republic demonstrates its majestic appearance as an invincible socialist power; and our revolutionary armed forces also demonstrate their majestic appearance as the strong, matchless armed forces.

As days pass, our people and the People's Army realize ever more deeply their great fortune in carrying out the revolution with the great leader [yongdoja] Comrade Kim Chong-il.

The election of respected and beloved Supreme Commander Comrade Kim Chong-il as chairman of the NDC three years ago has great historical meaning in the struggle for inheriting and completing the chuche revolutionary cause.

The great leader [suryong] Comrade Kim Il-song taught: Because Comrade Kim Chong-il has made our revolutionary cause an excellent success, everything is going well and will go well in our country.

National defense is the most important work that concerns the fate of the country and the nation. In order to successfully carry out the revolution and construction in the difficult environment characterized as enduring confrontation with imperialist aggressors, we should uphold the great leader [yongdoja] at the pinnacle of national defense.

The man who is an outstanding successor of the revolutionary cause and a leader [yongdoja] of the overall armed forces should become the supreme representative [choego taepyoja] of the country. Our revolution is a glorious revolution that has been upholding great generals with military genius, generation after generation. The Korean revolution was pioneered and victoriously developed by a legendary general, and has been brilliantly inherited by another Mt. Paektu-type general.

Respected and beloved Supreme Commander Comrade Kim Chong-il is the outstanding successor to the leader's [suryong] cause, as well as a great military strategist and statesman with both the pen and the sword. The election of great Comrade Kim Chong-il as chairman of the NDC in order to command the entire revolutionary armed forces, was a significant event that demonstrated the absolute position of Comrade Kim Chong-il as the supreme leader [choego yongdoja] of our country. It was a great felicitous event of preparing a firm guarantee for inheriting and completing our revolutionary cause.

Though the great leader [suryong] Comrade Kim Il-song died, our people and People's Army are vigorously advancing while upholding respected and beloved Comrade Kim Chong-il [kyongachanun Kim Chong-il tongji] at the top of the party, the state, and the Army. There has been no change in the political system of our Republic and in the revolutionary spirit of our armed forces, but the single-hearted unity of our society has been consolidated further.

Respected and beloved Comrade Kim Chong-il was elected as the great leader [yongdoja] of our revolutionary armed forces when the great leader was alive; this was a significant event in inheriting and completing the chuche cause. The great leader's [suryongnim] extraordinary insight lies in the brilliant solution to the problem concerning the succession of leadership for the future of the revolution.

Upholding respected and beloved Comrade Kim Chong-il at the top of our revolutionary armed forces is a clear demonstration of the greatness of Comrade Kim Chong-il who has registered immortal achievements while leading the army construction for a long time. Commanding the armed forces while leading the revolution and leading the overall revolution and construction while leading the army construction are basic characteristics of respected and beloved Comrade Kim Chong-il's leadership.

Having grasped the party and the Army since his early days, the great leader [yongdoja] Comrade Kim Chong-il has led our revolutionary cause to victory for over 30 years.

The leadership of the respected and beloved Comrade Kim Chong-il for the building of the revolutionary armed forces is the chuche-oriented leadership which resolutely defends and adheres to the great leader's [widachan suryongnimui] Army-building ideology and achievement; the revolutionary leadership which highly exalts the political and ideological superiority of the People's Army as the Army of the leader and the Army of the party; and the scientific leadership which solidifies the military might of our Army in every way in conformity with the demands of the modern warfare and the prevailing situation.

Thanks to the leadership of Comrade Kim Chong-il [kimjongil tongji], our revolutionary armed forces have grown to be the loyal combat ranks that fight for the party, the leader, the country, and the people at the cost of their lives and to be invincible Armed Forces equipped with strong offensive and defensive means.

It is the noble and precious fruition of the tested leadership of Comrade Kim Chong-il that our Republic boasts of its being a military power which has a strong defense industry capable of producing mighty modern weapons without difficulty and which has firmly established an all-people defense system with the People's Army as its core.

In the long history of the respected and beloved Comrade Kim Chong-il's building the revolutionary armed forces, his recent on-the-spot guidance to the People's

Army units shines as a great example of the Army-building leadership.

The respected and beloved supreme commander Comrade Kim Chong-il has inspected one after another the front-line areas—which are defended by the soldiers of the People's Army—from the 351-meter hill in the eastern front to the guardpost of Mt. Taedok in the western front and Mt. Osong area in the central front. This is the demonstration of Comrade Kim Chong-il's unmatched resolve and firm will to take responsibility for and defend the destiny of the country and the nation to the end under any circumstances.

The respected and beloved Comrade Kim Chong-il's historic inspection of the front-line areas is the historic picture of the wholehearted unity between the supreme commander and the officers and men of the People's Army. The immortal image of the respected and beloved comrade supreme commander who visits, risking his personal security, the soldiers of the front-line areas confronting the enemy inspires all the officers and men of the People's Army with boundless pride and self-respect in upholding the great brilliant commander.

The militant morale of the officers and men of our People's Army, the fighters of the respected and beloved comrade supreme commander, is exceedingly high. The great reality of today, in which the slogans pledging to defend the leader at the cost of one's life powerfully resound through all the guardposts of the country, shows that the blood ties between the supreme commander and the soldiers can never be broken by anything.

The respected and beloved comrade supreme commander's historic inspection of the front-line areas was a significant event that solidified the invincible might of our revolutionary armed forces hundredfold.

The respected and beloved Comrade Kim Chong-il, giving on-the-spot guidance to the People's Army units, put forward a militant task to strengthen and develop our Army into ever-victorious revolutionary armed forces capable of defeating any formidable enemy at a stroke by continuously intensifying the combat and political training.

The farsighted military wisdom, strategy, and outstanding arts of commanding the Army of Comrade Kim Chong-il provided a turning point for a new change in building our revolutionary armed forces, enabling our Army to display its bravery of one-a-match-for-a-hundred more vigorously.

The enemies are trembling with fear before the invincible dignified appearance of the People's Army. The respected and beloved Comrade Kim Chong-il's historic inspection of the front-line—which was made at

an important time when heavy tasks were given before the country and the revolution—was a great encouraging banner that vigorously aroused the Army and the people to the struggle for the strengthening and development of our revolutionary armed forces and for the ultimate victory of the revolutionary cause; and was a shining example of leading the Army-building that gave the imperialists tremendous horror and warmly stirred the hearts of the world's revolutionary people.

In the significant days when the proud history of building our revolutionary armed forces was unfolded, the officers and men of our People's Army and the people came to recognize their faith that the respected and beloved Supreme Commander Comrade Kim Chong-il is our destiny, our future, and a peerless brilliant military commander.

The respected and beloved Comrade Kim Chong-il is an invincible general of the Paektusan type who has iron-will and unequalled audacity. The leader who leads the revolutionary armed forces ought to have audacity and dignity. The spirit of the respected and beloved Comrade Kim Chong-il is the spirit of invariable invincibility, and Comrade Kim Chong-il's audacity is the unequalled audacity that does not shake at all even if the greatest enemy of the world comes at us, and Comrade Kim Chong-il's courage is the iron-willed confidence that we can rise even if the sky collapses.

"Let us see who laughs last." This is the firm will of Comrade Kim Chong-il. The spirit of the respected and beloved Supreme Commander Comrade Kim Chong-il who climbs up the hill in the front-line and overlooks the enemy positions is an exact duplicate of the bold spirit of the great leader—the legendary brilliant commander who had one million-strong Army of the Japanese imperialists under his thumb.

Comrade Kim Chong-il is highly praised as the general of generals because he was born with the disposition of the majestic, dignified general of Mt. Paektu. Today, our People's Army is an army which fights with the respected and beloved Comrade Kim Chong-il's courage and which wins victory with the boldness tempered by Comrade Kim Chong-il. It is the inherent disposition of our Army to fight once it decides to fight and to win victory without fail once it decides to win victory.

There is no mercy (chabi) but only terrible punishment in our People's Army's attack. If the enemies arrogantly and insolently continue to run wild, our revolutionary armed forces will thoroughly wipe them (sotang) out, upholding the respected and beloved comrade supreme commander's order.

The respected and beloved Comrade Kim Chong-il is an excellent military strategist who has outstanding military wisdom (kunsajok yeji) and strategy (chiryak). Confrontation with the enemy is a confrontation of force and is, at the same time, a confrontation between strategies.

The greatness of a commander lies in the wisdom of his strategies and operations. The respected and beloved Comrade Kim Chong-il's military wisdom is a farsighted wisdom which can see quickly through a rapidly changing, complex situation. His strategy is a protean strategy which can smash any strategies of the enemies with one blow. Comrade Kim Chong-il's strategy which always looks ahead to the distant future is matchless. He is equipped with both the strategy of the veteran of many battles and with the braveness as the iron-willed commander alike. Herein lies the greatness of Comrade Kim Chong-il.

The noble image of Comrade Kim Chong-il who unfolds (?operations) at a field command post and opens the march road of victory there has been engraved as a symbol of victory in the hearts of officers and men of our People's Army and people.

Today, officers and men of our People's Army and our people are filled with the firm faith that they will be victorious in any battle. Our People's Army is the army which fights with the respected and beloved Comrade Kim Chong-il's church-oriented strategies, tactics, and battle methods.

Our Army is impregnable in defense and has no fortress which it cannot occupy in its offensive.

During the fatherland liberation war, the People's Army defeated the enemies' numerical and technological superiority with its political, ideological, strategical, and tactical superiority. Today, our Army is not only superior to the enemies politically, ideologically, strategically, and tactically, but is also firmly prepared militarily and technologically. What the aggressors who confront with such a revolutionary army can gain is only death and corpse.

The respected and beloved Comrade Kim Chong-il is the tested senior statesman who is leading not only army building but also the overall revolution and construction.

A supreme leader (choego yongdoja) of party and state who leads a county, a nation, should be versed in military affairs and should also know how to lead political, economic, and cultural construction.

There is no political leader in this world today who, like Comrade Kim Chong-il, is equipped with great political philosophy, tested leadership ability, and noble virtue

alike. Taking upon himself the destiny of the country and the nation the respected and beloved Comrade Kim Chong-il is leading party building, state building, and army building.

There is no deadlock in Comrade Kim Chong-il's leading the revolution and construction, and he knows no impossibility, because he is equipped with rich experience and a protracted political career. We have nothing to worry about and we have no task that we cannot fulfill. This is because we are upholding Comrade Kim Chong-il at the supreme head of the party, the state, and the Army.

Today, our country is demonstrating its dignified appearance as a powerful country in ideology, as a great country in politics, and as a militarily powerful country. Our political and military might is great and it has no limit. Because he is leading this great fatherland, the respected and beloved Comrade Kim Chong-il is enjoying high respect and confidence as the world-recognized supreme leader [yongdoja] of our party and state.

Today, we are faced with the heavy task to firmly rally the entire party, the entire Army, and all of the people around the respected and beloved supreme commander Comrade Kim Chong-il, to firmly defend the fatherland of socialism, and to consummate our revolutionary cause to the end.

Today's situation of our country has reached the brink of war. The enemies' maneuvers to crush [apsal] our socialist fatherland have already been put into practice, and what remains is only the actual sound of guns.

Today, the question is not whether a war will take place but when it will take place in our country [onure iruro urinaresonun chonjaengi ironagennunga malgennunga hanungosi anira ku sijomi onjeinga hanungosi munjero toego itta].

The prevailing situation demands that all the People's Army officers, men, and people rise up unanimously to defend their party, leader, system, and fatherland to the end with a life-and-death determination. It is an iron-firm vow of all our People's Army officers, men, and people to protect respected and beloved Supreme Commander Comrade Kim Chong-il and consummate the chuche revolutionary cause under any circumstances.

Let us firmly defend our revolution with the strength of our single-hearted unity! This is our faith. The single-hearted unity is the primal basis of the revolution and the source of the invincibility of our Republic. Our single-hearted unity is more powerful than rifles and guns, and nothing can break it. We will achieve victory as long as we have the single-hearted unity. The tenser the situation becomes and the more difficult the struggle

becomes, the more we should breath and think with the idea of single-hearted unity and should defend the single-hearted unity like our eyes.

All party members, People's Army officers and men, and people should always trust respected and beloved Comrade Kim Chong-il [kyongachanun Kim Chong-il tongji] as their spiritual pivot, entrust all their destinies to the general, and uphold the general with a faith and sense of obligation as revolutionary fighters.

Respected and beloved Comrade Kim Chong-il is and will be forever the symbol of the dignity and majestic appearance of our Republic and the supreme leader [choego yongdoja] of our party and state. Comrade Kim Chong-il's leadership is the lifeline of our Republic. We should thoroughly embody the leadership of Comrade Kim Chong-il in all sectors of the revolution and construction, including the national defense construction.

All sectors and units should establish the revolutionary trait of implementing the respected and beloved Comrade Kim Chong-il's lines and policies absolutely, unconditionally, and thoroughly in a timely manner. As long as it has the faithful Army and people upholding the ideas and leadership of great Comrade Kim Chong-il, our fatherland will shine as General Kim Chong-il's country forever.

Let us death-defyingly defend the nerve-center of revolution [hyongmyongui sunoebu]! This is our invariable volition. The struggle to defend the leader [suryong] is the struggle to defend the revolution, the struggle to defend the fatherland, and the struggle to protect the eternal nest of the people's lives. The more the class struggle becomes intensified, the higher the people who carry out the revolution should uphold the banner of defending the leader [suryong].

To uphold the leader [suryong] is to thoroughly defend the leader's ideas and authority and protect him with one's life. It is the maxim of life and struggle of our revolutionary fighters to become rifles and guns for death-defyingly defend the nerve-center of the revolution. Today when the enemy's maneuvers—which take aim at the revolutionary headquarters—are becoming more vicious, those who fight with the spirit of defending the leader are called genuine loyal servants and true revolutionaries faithful to the party and the revolution.

Whether he is alive or dead, one will be honored on this road of defending the leader [suryong]. The spirit of defending the leader demonstrated by the 7th Regiment, which defended the headquarters [saryongbu] with the lives of the soldiers in the thick forest of Mt. Paektu, encourages us to register new feats. It is a lofty trait

of the leader's [suryong] fighters to defend the nerve-center of the revolution with even the last drop of one's blood, turning their bodies into becoming sharp-edged bayonets and burning bombs.

All party members and working people should become wild beasts that devote everything to the fight for glorifying the absolute authority of respected and beloved Comrade Kim Chong-il and should become the standard-bearers of the struggle who thoroughly implement the general's ideas and lines. The nerve-center of our revolution will eternally demonstrate its majestic appearance as the banner of victory because tens of millions of fighters have become a fortress and a shield to death-defyingly defend it.

Let us strengthen the national defense impregnably! This is the signpost of our struggle. The military is the most important state affair, and the national defense ability is the most important in national strength. We cannot neglect the work of strengthening our national defense ability under the situation where the imperialists keep an eye on our Republic with a black sword for aggression. When we strengthen the revolutionary armed forces, we can protect the socialist fatherland and the independence of the country and the nation.

Our People's Army is the kernel of national defense power. We should concentrate the greatest efforts on strengthening the People's Army, the main force for consummating the chuche cause. The security of the fatherland, as well as the security of the nerve-center [sunoebu] of the revolution, lies in the bayonet of the People's Army.

All officers and men of the People's Army should advance, staunchly holding the weapon of the revolution, the class weapon, while deeply cherishing in their hearts the slogan "Let us resolutely defend the nerve-center of the revolution headed by Great Comrade Kim Chong-il."

Officers and men of the People's Army should firmly prepare themselves to become almighty commanders and energetic [polpolnanun] fighters who are firmly armed with the respected and beloved Supreme Commander Comrade Kim Chong-il's military strategic ideology and chuche-oriented battle methods.

Our People's Army of today is a matchless, invincible, and powerful Army capable of safeguarding and defending with the bayonet our revolutionary cause to the end. All officers and men of the People's Army are overflowing with the fighting spirit of destroying the enemy in order to smash the enemies at a stroke once the respected and beloved comrade supreme commander issues an order.

There is no force in this world which can match our Army — which is filled with the firm determination to willingly devote the lives of its members to the respected and beloved Comrade Kim Chong-il.

Trying to defend peace is precisely our revolutionary armed forces' invariable will. However, there is a limit to our patience. It is the militant nature of our Army to respond to fire with fire and to clubs with clubs. If the enemies touch even one inch of land and a clump of grass in our fatherland, our People's Army will resolutely smash the aggressors.

"Let us maintain a perfect combat mobilization posture with high revolutionary vigilance!" This is a slogan of our people's routine struggle. We should not be captivated by the feeling of peace even for a moment. All party members and the working people should keenly watch the enemies' provocation maneuvers with high vigilance and should live and work in a revolutionary manner.

We should vigorously struggle, bravely fighting any difficulties. It is our people's revolutionary lifestyle to defend the fatherland and accelerate production, holding a rifle in one hand and sickle and hammer in the other hand. We should firmly arm ourselves with our party's viewpoint of war.

For our people who are carrying out the revolution, there should not be the slightest degree of indolence and slackness and peace which runs counter to principle.

We should establish the ethos of attaching importance to the military in the whole society and should more firmly deepen an all-people and national defense system.

Unity between the Army and the people is the source of the might of our People's Army and is an inherent laudable custom of our society. All the people should love the People's Army like blood brothers and sisters and actively assist them.

All officers and men of the People's Army should infinitely love the people and defend the people's lives and property with their lives.

When the whole country forms a forest of bayonets and when the Army and the people are firmly united as one mind and rise up for the defense of the fatherland, the enemies of the revolution will not be able to invade an inch of our sacred territory.

Our People's Army and people do not want war but do not fear war. Our revolutionary armed forces, which are blessed with the respected and beloved Supreme Commander Comrade Kim Chong-il, will be always victorious. And if the aggressors dare provoke us, our

revolutionary armed forces will thoroughly smash the enemies and completely [songdurichae] remove the root of war on the Korean Peninsula.

Our cause is just; our Republic's might is powerful; and our revolutionary armed forces are invincible.

The final victory lies in our people who are upholding the great commander. Let all of us sternly smash the enemies' aggression maneuvers and staunchly fight for the victory of the *chuche* cause, cherishing deep in our hearts the great glory of upholding the respected and beloved Supreme Commander Comrade Kim Chong-il at the head of our party, state, and revolutionary armed forces.

DPRK Article Emphasizes People's Fidelity to Kim Il-song

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in Korean 11 Jan 96 p 2

[Article by Kim Hong-yong: "The Lofty Sense of Moral Obligation of Our People To Hold the Great Leader in High Esteem For Millenniums To Come"]

[FBIS Translated Text] In his classic masterpiece "Treating Senior Revolutionaries With Respect Is a Noble Moral Obligation of Revolutionaries," the great leader [yongdoja] Comrade Kim Chong-il proudly pointed out the noble communistic sense of moral obligation to hold the respected and beloved Comrade Kim Il-song in high esteem for thousands of years to come.

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows: "Our people's communistic sense of moral integrity is best manifested in the fact that they infinitely worship and follow the great leader Comrade Kim Il-song, holding him in high esteem with loyalty."

To begin with, for revolutionaries, holding the leader in high esteem with loyalty constitutes the supreme revolutionary obligation.

The leader of the working class is the highest brain center and leader of the revolution. The leader presents scientific revolutionary thoughts and revolutionary strategies and tactics, and by arousing the consciousness of the masses and organizing them, leads the revolutionary struggle to victory. He bestows precious sociopolitical lives upon the people and leads them to glorify their valuable lives on the road of revolution. Honor and dignity for revolutionaries is unthinkable apart from the bosom of the leader. It is precisely because of this that revolutionaries infinitely worship the leader as the father who gave them their lives and as a great teacher. They regard it as their highest happiness and loftiest moral

obligation to give him their utmost loyalty. The reason the communist revolutionaries came to possess the kind of true human features never known before in history is that they cherish their loyalty to the leader as their highest revolutionary obligation.

Our people are a fine people who hold their leader in high esteem, with the loftiest sense of obligation.

Early on, they began to hold the respected and beloved Comrade Kim Il-song in high esteem as a legendary hero, the sun of the nation, and their great father. Ever since they have cherished it as their highest honor and loftiest moral obligation to show utmost loyalty and fidelity to the fatherly leader in all sincerity. The integrity of our people who hold the great leader in high esteem is the loftiest and noblest kind of integrity that can be demonstrated by no others than our people, who hold the peerless great man as their father and teacher.

The respected and beloved Comrade Kim Il-song was the esteemed great leader that our people had for the first time in their 5,000-year history. He was a great man's great man, embodying all the loftiest features and qualities a great man could possibly have. The great leader, regarding the people as heaven, boundlessly loved and firmly trusted them, giving his all to their freedom and happiness throughout his whole life. Our people, every one of them, grew up in the leader's bosom and enjoyed a rewarding life, adding lustrous glory to their sociopolitical lives at his hands. The respected and beloved Comrade Kim Il-song was our people's great teacher and benevolent father. In fact, our people, every one of them, are his warriors, disciples, sons or daughters. In his bosom, they enjoyed a valuable and most happy life that no other people have ever enjoyed in this world. That is why the sense of loyalty and fidelity with which they hold him in high esteem is so warm and noble.

The noble sense of moral obligation with which our people boundlessly worship, unceasingly follow, and sincerely hold the great leader in high esteem has manifested itself more intensely since he departed from our side. All the people of the country bid their last farewell to the fatherly leader with tears of blood, and they have boundlessly cherished the departed leader's memory with an abiding sense of sorrow. As day succeeded day and as the year changed, our people missed the fatherly leader all the more, and wished from the bottom of their pristine hearts that his soul would live forever. The whole world is amazed by the loyalty and fidelity with which our people hold the fatherly leader in high esteem even more intensely and sincerity than they did when he was alive. No other people in the

world constantly hold their leader in high esteem the way we do.

The noble sense of moral obligation with which our people hold, and will continue to hold, the great leader in high esteem for eons to come is the loftiest and disinterested sense of moral obligation, fervent and hot like lava spewing from the earth's depths. It is a deep-rooted abiding sense of moral obligation that time will leave unchanged.

Our people's sense of moral obligation to continue to hold the great leader in high esteem for thousands of years to come is manifesting itself most saliently in the fact that they believe he is their eternal mental support and follow him with this belief.

For the people making revolution to continue to walk staunchly along the road of revolution explored by their leader to the end, they must have a sound mental support. This mental support is none other than the leader who lights the road ahead for the revolution and bestows on them a fighting spirit and ardor capable of breaking through ordeals and obstacles. Only a people who steadfastly follow their leader, believing that he is their only mental support, can consummate the revolution according to his life-long desire, and that is the way a revolutionary people feel their lofty sense of integrity toward their leader.

Our people lived, worked, and struggled while constantly trusting the great leader as their mental support while he was alive. They have continued to do so since he passed away. The creed of our people that the great leader will remain their eternal Sun and symbol of victory for millenniums to come is strengthening in their hearts more each day. Our people firmly believe that they can vigorously advance the revolution by breaking through any obstacles only when they continue to fight, regarding the great leader as their mental support in the same way they adorned the long and arduous road of revolution with victories and glories under his leadership when he was alive.

Our people miss the fatherly leader so sorely, whether awake or asleep, that they visit Kumsusan Memorial Palace again and again. They fight with added vigor and courage, inspired by the great leader's benevolent look in his portrait. That is the way our people are.

Echoing in the slogan "the great leader Comrade Kim Il-song is forever with us" is our people's dogged determination to follow the great leader and fight on, believing that he is their eternal mental support. Etching this slogan in their ears, our people are breaking through all encountered obstacles and barriers head-on. Ringing out in every nook and corner of the country where our

people live and fight is "The Song of General Kim Il-song," an immortal song praising the revolution. What the hearts of our workers, cooperative farmers, and intellectuals brims over with is the unquestionable trust in the great leader; and the spirit prevalent in every drill field of our people's army is the spirit of being a one-a-match-for-100 army inspired by the great leader.

Noble indeed is the appearance of our people fighting doggedly, with the sacred name and benevolent look of the great leader etched deep in their hearts. No force on earth can break the faith and will of such people.

The fatherly leader will remain alive today, tomorrow, and forever, because there are a pure-hearted people who follow him with the belief he is their eternal mental support.

The moral integrity of our people continuing to hold the great leader in high esteem is also manifested in the fact that they are thoroughly implementing his revolutionary thought and his last teachings, with a tight grip on them as their eternal lifeline.

Loyalty to the leader is none other than fidelity to his revolutionary thought. By thoroughly implementing the leader's revolutionary thought and his last teachings, the revolution advances and victory for socialism is attained. It follows that for revolutionaries and people who must carry the revolutionary cause through to the end, it is a noble moral duty to hold fast to the leader's revolutionary thought and implement it thoroughly by carrying it on from generation to generation.

Today our people are giving their all to the struggle to implement the great leader's revolutionary thought and his last teachings, regarding them as inviolable maxims on life and struggle. Our people are not the kind of people who would abandon their leader's revolutionary thought because he passed away and follow another ideology instead, nor would they retreat from their endeavor to implement his last teachings simply because there are too many ordeals and obstacles. It is our people's unflinching determination that, the more Herculean the tasks they face as the revolution advances, the tighter they will grip the great leader's revolutionary thought as their lifeline and the faster they will accelerate the revolution and construction precisely according to his last teachings.

Holding high the slogan "Let us arm ourselves more thoroughly with the great leader Comrade Kim Il-song's revolutionary thought!" our people are stepping up efforts to accomplish the task to assimilate the chuche ideology into their flesh and bones and make it their creed. The struggle to reexamine and implement to the utmost each of the specific on-the-spot teachings the

great leader gave them and each task he assigned before he passed away is currently intensifying in every sector and unit.

In particular, all our people are concertedly launching into the struggle thoroughly to implement the party's revolutionary economic construction strategy to which the great leader directed his major concern.

One of our people's noble features is that with the firm belief that they know nothing about any thought other than the chuche ideology, they believe and follow the great leader's revolutionary thought regarding it as absolute truth and are directing their attention at every moment of thinking and working to the question of how to better implement his last teachings.

It is precisely because of this that our society brims over with the chuche ideology today, and our bastion of socialist ideology is solidifying as an impregnable fortress. Last year—the 50th year since our party was founded—the Chongnyu bridge, Kumnung No. 2 tunnel, and the Pyongyang-Hyangan tourist highway were completed simultaneously as wonderful creations of the Age of the Workers Party. This clearly illustrates how thoroughly the last teachings of the great leader Comrade Kim Il-song are being implemented in our country.

The reality in our country today strongly attests to the sincerity and loftiness of our people's integrity as they continue to uphold the great leader's thought and last teachings with an immaculate sense of loyalty and fidelity, keeping the inseparable bonds forged between them and him.

As long as our people who continue to hold the fatherly leader in high esteem with a noble sense of moral obligation exist, the chuche ideology will shine as the eternal banner of our revolution, and our fatherland will last tens of thousands of years.

The leader's achievements constitute the lasting foundation for the victorious advance of the revolutionary cause and the most valuable of all valuable national treasures. Revolution by nature has historical continuity. Only by passing on and developing the leader's revolutionary achievements from generation to generation, by holding fast to them, can we advance the revolution strenuously along the road shown by him. The stand and attitude toward the leader and the revolution are a test to distinguish between true revolutionaries and renegades.

The great leader made immortal achievements while personally leading the revolution for a long time. These include a really unusual combination of rich and diverse achievements: He led two revolutionary wars to victory; successfully led the social revolution at different stages;

and built the party, developed economy and culture, and built a strong national defenses. Each of these achievements is a great exploit that draws universal admiration from people the world over due to its timeliness and vitality manifested in the revolution and construction. There are many leaders in the world, but none of them amassed such a wealth of outstanding exploits as our great leader.

Our people felt keenly the preciousness of the great leader's achievements when he was alive, but his death drove home harder to them how precious those achievements are. It is our people's faith and determination to inherit the great leader's immortal achievements 100 percent, neither more nor less, and continue to glorify them forever.

With this burning sense of loyalty, our people are devoting all their wisdom and ardor to glorifying the great leader's revolutionary achievements.

The revolution's historical battlefields and sites are reverentially kept in good shape wherever there are the imprints of the leadership of the great leader, with all our people making their best efforts in this endeavor. The Party Founding Memorial Tower has risen majestically in Pyongyang, the capital of the revolution. This represents a precious fruit borne of the noble moral integrity of our party and people determined to pass on the great leader's revolutionary achievements to posterity for eons to come.

Currently, numerous functionaries and workers, including young men and women, are voluntarily moving their jobs to their hometowns, coal and other mines, and rural villages where there are the imprints of the leadership of the great leader. Those who have already moved are working assiduously to realize the desires of the deceased leader. It is a trait of our people that when extracting even a single ton of coal or preparing for the next year's farming, they burn with no other desire but to add glory to the fatherly leader's immortal achievements.

It is because we are such a great people that all the achievements of the respected and beloved leader are preserved intact and continue to shine, and the revolutionary cause of chuche is advancing apace.

As a matter of fact, every day in the past year and a half since we lost the great leader, our people showed the whole world a living example of how people should continue to eternally hold the leader of their revolution in high esteem. Those were glorious days in which the noble morality of the Korean communists was powerfully demonstrated.

Today our people draw admiration from people all over the world solely because they hold the respected and beloved Comrade Kim Il-song in high esteem.

The respected and beloved Comrade Kim Chong-il is the great leader [yongdoja] of our people, embodying loyalty and fidelity to the fatherly leader at its loftiest height. It was our respected and beloved Comrade Kim Chong-il who, at a time all our people were overwhelmed by sorrow at the sudden loss of the great leader, presented the slogan "The great leader Comrade Kim Il-song is forever with us." He inspired the people to struggle to better hold the deceased leader in high esteem and unflinching carry on his revolutionary cause through to the end. The great leader [yongdoja] Comrade Kim Chong-il decorated the Kumsusan Memorial Palace majestically as the most sacred ground of chuche, so that people could behold with reverence the same visage of the respected and beloved leader Comrade Kim Il-song that they looked up to when he was alive. This achievement shines as a salient achievement the great leader [yongdoja] Comrade Kim Chong-il has made for our people and humanity.

The respected and beloved general [Comrade Kim Chong-il] is carrying out his energetic activities day and night, inspiring all our people to struggle to glorify the name of the great leader [Comrade Kim Il-song] and implement his last teachings. In this leadership our people find their ever-strengthening belief that the life of the leader is eternal and his revolutionary cause is invincible because they have the general.

Because they have the respected and beloved general who holds the fatherly leader in high esteem with the lofty sense of moral obligation, our people take pride in being a great people with such a lofty sense of moral integrity.

Believing that the great leader is the respected and beloved General Kim Chong-il himself, our people are following the general with absolute faith and are fighting more vigorously, rallied more closely around him.

As long as they have the respected and beloved Comrade Kim Chong-il, a great man and the highest incarnation of loyalty and fidelity, and as long as our people exist, united closely around him with a lofty sense of moral integrity, the history of our republic will shine forever as Comrade Kim Il-song's history.

DPRK Vice Marshal: Army Mission 'Not Confined to' Defense

*SK0904095596 Pyongyang KCNA in English
0946 GMT 9 Apr 96*

["KPA Mission Not Confined to Defence: Kim Kwang-chin" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 9 (KCNA) — The mission of the revolutionary Armed Forces of the DPRK to safeguard the security of the country and the gains of the revolution is not confined to defence in face of aggression.

Vice Marshal of the Korean People's Army [KPA] Kim Kwang-chin, member of the National Defence Commission of the DPRK, made the remark in his report at a national rally held here today to mark the third anniversary of the election of the Great Leader Comrade Kim Chong-il as chairman of the National Defence Commission of the DPRK.

The habit of the KPA is to counter fire with fire and stick with stick, the vice marshal said, warning that "if the U.S. imperialists and the South Korean puppets intrude into our territory, our airspace and our waters even an inch, the KPA soldiers, the Worker-Peasant Red Guards, the Young Red Guards and other people will annihilate them with a strong self-defensive measure."

"The U.S. imperialists and their stooges must not mistake the firm, resolute position of our people and revolutionary Armed Forces but act with discretion, mindful of the fatal consequences they will suffer from their anti-DPRK campaign and new war preparations," urged Kim Kwang-chin.

DPRK Youth in Kaesong, Sinuiju Volunteer To Join KPA

*SK0904040596 Pyongyang KCNA in English
0342 GMT 9 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 9 (KCNA) — Youths and students across the country volunteered to join the Korean People's Army [KPA].

The youths and students in Kaesong municipality and Sinuiju City of North Pyongan Province held meetings on April 7 and 8, at which they volunteered to join the KPA.

It was noted at the meetings that since the South Korean puppets obviously intend a real war and the declaration of war remains to be done, the KPA's countermeasure is a most just step which reflects the unanimous standpoint and demand of the Korean people, youths and students.

The statement of the first vice-minister of the People's Armed Forces was read out at the meetings before speeches of representatives of working youths, students, senior middle school graduates, war veterans and officials of the youth league.

The speakers said that to join the KPA, which upholds the respected General Kim Chong-il as the supreme commander, is their biggest hope and ambition. They stressed the need to defend him with their lives and glorify their youth.

They noted that they are not afraid of any formidable enemy and will surely win victory in any war as they are guided by the respected general, a matchless iron-willed brilliant commander.

Youths from all walks of life and students signed petitions at the meetings.

At the end of the meetings the participants marched streets, shouting "Let us defend the respected General Kim Chong-il at the risk of our lives!" and "Let us fight to see the respected General Kim Chong-il on the platform of the rally hailing reunification!" and singing the songs "Let us become soldiers of the general", "Let's support our supreme commander with arms" and "Song of defending the country".

DPRK: Meeting Held To Convey WPK Thanks to State Planning Organs

SK0704044296 *Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 3 Apr 96*

[FBIS Translated Text] A meeting to convey a congratulatory message from the Central Committee of the Workers Party of Korea [WPK] to functionaries of the state planning organs was held at the People's Palace of Culture on 2 April.

Present at the meeting were Comrade Han Song-yong, member of the Political Bureau and secretary of the WPK Central Committee; Comrade Hong Sok-hyong, candidate member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Committee; other functionaries concerned; and participants in the national conference of active planning functionaries.

In the ceremony, Comrade Han Song-yong conveyed the congratulatory message from the WPK Central Committee to the functionaries of the state planning organ.

Through the congratulatory message, the WPK Central Committee pointed out that, on the occasion of the 50th anniversary of the founding of the state planning organ, it sends fervent congratulations to the functionaries of

the state planning organ who contributed to strengthening and developing the socialist self-reliant economy by implementing our party's chuche-based policy of planning with the loyalty toward the party and the leader [suryong], and with the spirit of devoted service for the fatherland and the people.

The congratulatory message noted that the founding of the state planning organ on 6 March 1946 was a brilliant fruition of the great leader Comrade Kim Il-song's creative idea on the national economy planning and his excellent leadership as well as an epoch-making event in developing our country's economic planning.

The congratulatory message pointed out that it highly evaluates the state planning organs and all planning functionaries who achieved great success in the national economic planning work under the wise leadership of the party and the leader [suryong] over the past five decades. The congratulatory message stressed that the state planning organs and the planning functionaries should forever uphold the great leader Comrade Kim Il-song, who founded the state planning organ, who devoted his entire life to the development of the national economic planning work, and who achieved immortal accomplishments, by pioneering in the forefront the first road to our country's national economic planning with excellent ideas and leadership. It also emphasized that they should carry out the national economic planning work as the great leader Comrade Kim Il-song did.

The WPK Central Committee wrote in the congratulatory message that it firmly believes that the functionaries of the state planning organs will singleheartedly unite around the great leader [widaehan yongdoja] Comrade Kim Chong-il and achieve greater success in the struggle to develop the socialist planning economy in line with the party's trust and expectations.

DPRK: Achievements in Post, Telecommunications Sector Noted

SK0904025296 *Pyongyang KCNA in English 1037 GMT 8 Apr 96*

[FBIS Transcribed Text] Pyongyang, April 8 (KCNA) — April 8 is day of post and telecommunications.

The working people of the post and telecommunications sector of Korea, who greet their holiday in April when the great leader President Kim Il-song was born, recollect the immortal efforts he devoted to the building of the post and telecommunications of the country.

President Kim Il-song founded the original idea of building the socialist post and telecommunications, gained precious experience and performed exploits during the anti-Japanese revolutionary struggle. After the

liberation of the country he indicated the character and duty and the principle of activities of the socialist post and telecommunications to suit the new circumstance and wisely led its work in each period and at each stage of the revolution. As a result, the nation's post and telecommunications, which had a serious deformation and lop-sidedness in the composition and distribution of the telecommunications network owing to the colonial rule of Japanese imperialism, has made a leaping development and fully changed its appearance.

The post and telecommunications of the country has turned into multifacetedly-developed, independent, all-round and mighty one with modern technology.

The country has a powerful chuche-based broadcasting system with all branches of modern radio including wire and wireless radio and tv and equipped with uptodate technological facilities. Particularly, a great success has been made in the modernisation of the post and telecommunications under the wise guidance of the great leader Comrade Kim Chong-il.

All the telephone lines have been adjusted and reinforced with modern facilities and a well-organised communications system has been set up across the country. In recent years alone all kinds of carrier-phones have been produced and installed and many hotline circuits linked between the capital and major industrial establishments. Optical fibre cables have been laid, digital automatic switchboards, large-volume manifold pulse code modulator and other uptodate communications facilities installed and the switch work computerized.

A well-regulated international automatic telephone system has been established to fully guarantee the snow-balling international communications service with all countries. And wireless and wire broadcasting stations and television relay stations across the country have been modernly rebuilt on an expansion basis and further adjusted and reinforced and a regular radio relay system set up.

The FM broadcasting has started and is relayed to major cities and thus the departmental structure of radio broadcasting further completed and diversified. The solid material and technological foundations of the communications apparatus production base have been consolidated and the scientific research centres built up well.

South Korea

ROK: More Time Allotted for Talks Between Kim, Clinton

SK0904071096 Seoul YONHAP in English
0632 GMT 9 Apr 96

[FBIS Transcribed Text] Seoul, April 9 (YONHAP) — U.S. President Bill Clinton, who is scheduled to visit Cheju Island next Tuesday, will stay six additional hours for an in-depth discussion about the recent North Korean activities in the Demilitarized Zone (DMZ) that followed its abandonment of its duties specified by the Korean Armistice Agreement.

Clinton was originally scheduled to visit Cheju for three hours to have talks with President Kim Yong-sam before heading to Japan the same day.

The American President will take a short rest after arriving early in the morning, and will then be briefed by U.S. Ambassador to Korea James Laney and U.S. Forces Korea Commander Gen. Gary Luck about the latest developments on the Korean peninsula, a government official said Tuesday.

Clinton will then meet with President Kim for a discussion of Korean issues, especially the recent North Korean announcement nullifying the Armistice Agreement and the subsequent Joint Security Area incursion by heavily armed North Korean troops at the Panmunjom truce village, according to the official.

Kim and Clinton will hold a joint press conference after their meeting, and will then hold a working-level luncheon that will include cabinet advisors from both sides, Presidential Spokesman Yun Yo-chun said.

Clinton's extended trip, another official said, is designed to allow sufficient time with President Kim to discuss recent Korean issues that have been attracting worldwide attention to the Korean peninsula in the wake of a repeated show of force by the communist state.

ROK: U.S. Said To Survey Complaints Ahead of Clinton's Visit

SK0904031596 Seoul THE KOREA TIMES in English
9 Apr 96 p 9

[FBIS Transcribed Text] The U.S. government has been surveying complaints of American businessmen doing business here ahead of President Bill Clinton's visit to Korea.

American bankers, businessmen and traders have been asked to state major bottlenecks and impediments in doing business in Korea, an American banker here said.

The survey result will be conveyed to President Kim Yong-sam when Clinton meets him next week. What will be on the wish list Clinton will give to President Kim is not clear. However, one American businessman said Clinton might offer the U.S.'s full support for Korea's bid to join the Organization for Economic Cooperation and Development as long as Korea liberalizes and opens the economy in strict accordance with OECD (Organization for Economic Cooperation and Development) principles without exception.

Seoul officials are busy identifying the economic topics President Kim will discuss with Clinton.

Ho No-chung, director general in charge of international cooperation at the Ministry of Finance and Economy said, "President Clinton, during a brief stopover on Cheju-to Island, will highlight the security issue on the Korean peninsula and bilateral economic issues will be given a low priority because of the widening trade deficit Korea sustains with the United States."

ROK: Relocation of U.S. Embassy Quarters Said Election Issue

SK0904031196 Seoul THE KOREA HERALD
in English 9 Apr 96 p 2

[Report by staff reporter Sin Yong-pae]

[FBIS Transcribed Text] Relocation of the residential facilities of the U.S. Embassy staff in central Seoul has become an election issue in Chongno, one of the capital's severely contested electoral districts.

Most candidates have been pledging that if elected, they would live up to the voters' demand to relocate the living quarters of the U.S. Embassy staff.

"In principle, the quarters should be moved. And the place should be developed for residents in this district," said Sin Pong-hun, a campaign strategist for No Mu-hyon, a candidate of the opposition Democratic Party. "If the quarters are relocated, we will afforest the region."

Sin also said No is planning to make an issue of the relocation of the quarters when the National Assembly starts its business after the general elections.

No's rival candidate, Rep. Yi Chong-chan of the main opposition National Congress for New Politics, is also vowing to push for the relocation.

"We will seek the establishment of a cultural center in that place. There is no reason why the U.S. Embassy quarters should be located here," said Kim Kui-kun, an aide to Yi.

But Rep. Yi Myong-pak, a candidate from the ruling New Korea Party, has yet to formulate his position on the issue.

His aide said Yi is studying how to respond to calls by residents in this district for the quarters' relocation.

The relocation of the U.S. Embassy staffers' quarters has been one of the major petitions among residents in Samchong-tong.

"A number of our residents are thinking that the location of the quarters in our town has undermined our community development," said Chong Ho-yong, a community leader, who promotes the Samchong-tong development.

Chong, 56, who hails from the region, said the Samchong-tong area, which houses Kyongbok Palace and other historic sites, should be developed into a cultural district by moving the quarters.

The lodging area, amounting to some 60,000 pyong (one pyong equals to 3.3 sq.meters), has been positioned in Songhyon-tong, a small town which is under administrative control of the Samchong-tong office.

South Korea has rented the area in a grant-type agreement for the U.S. Embassy staff since the late 1940s under a Seoul-Washington agreement.

A South Korean Foreign Ministry official said talks between the two countries are under way to deal with the relocation of the U.S. Embassy staffers' lodging house.

But the two countries are differing over whether or not the U.S. right to use the place has expired, said the official, who requested anonymity.

"We are maintaining that the term expired while the U.S. side is claiming that it is allowed to keep using the place," he said.

He also said the difference has come as the Seoul-Washington accord stopped short of specifying if or when the U.S. right was over.

The U.S. Embassy may have sensed that the relocation of its quarters was becoming a campaign issue among the parliamentary candidates in the district.

U.S. Amb. James Laney visited the three ruling and opposition candidates separately in February and March this year.

The embassy denied any political meaning behind his meetings with the candidates. It said he visited them just because he is interested in politics and the embassy is located in their electoral district.

But an aide to No said, "We don't think the ambassador visited us without special reasons."

"We speculate that his visit may have been related to the issue of the relocation of the embassy officials' quarters," said Hwang I-su.

ROK, U.S. Said Studying 'Withholding All' U.S.-DPRK Talks

SK0804103896 Seoul KBS-1 Radio Network in Korean 0800 GMT 8 Apr 96

[FBIS Translated Text] In the event North Korea's illegal military show of force exceeds the limit, the ROK and the United States will examine imposing strong pressure, including an adjustment of the overall timetable for the improvement of U.S.-North Korean relations. A government official said that such measures will be discussed with priority at a prior consultation for the U.S.-North Korea missile talks to be held in Washington tonight Korean Standard Time.

The official said that tonight's meeting between Song Min-sun of the Americas Division of the ROK Foreign Ministry, and Einhorn, U.S. deputy assistant secretary of state, will examine withholding all U.S.-North Korean talks, including talks on missiles and MIA remains as one of the measures, depending on future North Korean attitude. The official added that strong pressures can be sought through close cooperation between the ROK and the United States, including the postponement of additional relaxation of economic sanctions against North Korea.

ROK: Koreans in 'Psychological Warfare' Over U.S.-DPRK Talks

SK0904021996 Seoul THE KOREA TIMES in English 9 Apr 96 p 2

[Report by staff reporters Son Ki-yong and O Yong-chin: "DPRK JSA Entries Block Chances for P'yang-Proposed General-Level Talks"]

[FBIS Transcribed Text] South and North Korea are not on the threshold of a military showdown but are engaging in psychological warfare over whether Washington should hold direct general-level military dialogue with Pyongyang at the truce village of Panmunjom to discuss a new peace structure replacing the already ragged 1953 Armistice Agreement.

The series of forays by heavily armed North Korean troops into the Panmunjom Joint Security Area (JSA) of the Demilitarized Zone, in flagrant violation of the 1953 Korean Armistice Agreement, is closing the door on a chance, if any, of the U.S. accepting the North Korean-proposed talks.

A Defense Ministry official said yesterday, "Under these circumstances, I don't think it is possible to accommodate such a meeting because it will give the North the impression that their strongarm tactics are working and the ROK-U.S. alliance is in disarray."

The North proposed the contact directly to the United States while at the same time it was dismantling the armistice brick by brick under its grand scheme of replacing it with a peace formula between the two to the exclusion of the South.

Before the Panmunjom incidents, the South and the United States were in occasional disagreement on whether to accept the North's proposal. Washington wanted to accept it in hopes of opening a high-level communication channel with Pyongyang.

South Korea fears that it might be sidelined in the process. Seoul officials also say that should the U.S. and the North sign a peace formula, there would be no ground to argue against Pyongyang's demand for the withdrawal of U.S. forces from the South.

A U.S. Forces Korea (USFK) spokesman said yesterday, "The USFK's position is that it will deal with the North within the framework of the Armistice Agreement."

"Especially with the situation as it is, it would be equal to playing the game out of the North's hand should we attempt to break the current crisis through a general-level meeting," he said.

Meanwhile, a senior Defense Ministry official agreed with this U.S. assessment of the current situation. "Our mutual understanding is that it is not prudent for the U.S. to hold a generals' meeting to deal with this crisis," he said.

"From our experience of dealing with the North, it will ask for more and more once we show signs of backstepping."

The ministry's position is such that Seoul will not blink and not make even one concession as long as this crisis continues and it is best to show the solidarity of ROK-U.S. alliance at this time.

However, there is no denying that some ROK government officials remain concerned about the possibility that the U.S. may force the South to allow it to make a direct contact with the North to prevent the situation from getting out of hand.

Particularly considering the attitude the U.S. showed when dealing with the North during their nuclear talks, their concerns could be warranted.

At the Foreign Ministry, officials also determined the North's military action in the DMZ as a politically-motivated attempt coercing Seoul to agree to the direct military-to-military talks between Washington and Pyongyang.

Despite the visible show of force, he called the North's action "very limited and calculating."

Seoul, still sticking to the Armistice Agreement, contends that any dialogue in Panmunjom should be held in the framework of the Military Armistice Commission (MAC), participated in by U.S. military officers representing the United Nations Command (UNC), on one hand, and by North Korean officers, on the other.

Therefore, it has been rather flexible on whether South Korean officers should take part in the MAC meetings. So far, North Korea has not recognized a South Korean general as the representative of the UNC component of the MAC.

Seoul has already given the go-ahead to Washington to hold direct military contact with Pyongyang outside Korea, as in the talks in Hawaii early this year to discuss the issue of American MIAs during the 1950-53 Korean War.

"We cannot presume that officers from the United States and North Korea had limited their topics only to the MIA issue in Hawaii. So we are rather flexible on whether officers from the United States and North Korea meet in Washington or Pyongyang," the official said.

However, the government is not in a position to allow the United States to hold the Panmunjom meeting with North Korea because it is a matter which directly affects "our sovereign rights," he said.

Meanwhile, a Foreign Ministry spokesman said that Seoul will step up diplomatic pressure on Pyongyang by encouraging its allies to issue strong messages against the North's military action.

"We have asked more than 30 countries to issue statements against the North's military action in the DMZ, which was aimed at nullifying the Armistice Agreement," the spokesman said.

The government is also considering bringing the issue to the U.N. Security Council if the current tension further heightens, he said. As Korea is a non-permanent member of the Security Council, the government doesn't find it difficult to refer the issue to the council.

ROK: KEDO, DPRK Hold Working-Level Talks in New York 8 Apr

SK0904033196 Seoul YONHAP in English
0204 GMT 9 Apr 96

[FBIS Transcribed Text] New York, April 8 (YONHAP) — Working-level officials from the Korean Peninsula Energy Development Organization (KEDO) and North Korea began discussing the implementation of the light-water nuclear reactor supply contract at the KEDO office in New York Monday afternoon.

The meeting was of special interest since it is taking place amid escalating tension in the Korean demilitarized zone that has resulted from the communist country's repeated show of force in the Panmunjom Truce Village Friday-Sunday.

The agenda for the first follow-up meeting to the reactor supply contract signed late last year is limited to the legal status, diplomatic privileges, immunities and consular protection to be granted to the KEDO officials who stay in North Korea during the construction of two light-water nuclear reactors.

A seven-member delegation, headed by legal advisor Lucy Reed and including Pak In-kuk, international cooperation officer of South Korea's light-water reactor planning office, attended the meeting.

A five-member North Korean delegation, headed by Choe Myong-kwan, deputy head of the Foreign Ministry's Consular Affairs Department, arrived in New York Saturday for the meeting.

Another meeting is scheduled for April 16 in New York to discuss communication and travel guarantees for KEDO officials in North Korea.

The reactor supply contract follow-up negotiations will be held in New York and Mt. Myohyang, North Korea alternately for the next two or three months.

After these negotiations are concluded, KEDO will begin building quarters for KEDO officials working on the light-water reactor construction project, perhaps as early as June.

According to the reactor supply contract, follow-up negotiations in 11 areas are to begin this year and exchange protocols in six or seven areas are supposed to be signed by the end of the year.

South Korea, the United States and Japan formed KEDO after the 1994 Geneva agreement to build two light-water nuclear reactors for North Korea in exchange for dismantling its nuclear arms development program.

ROK Official Summarizes Status of Reactor Project
SK0704062496 Seoul THE KOREA TIMES in English
7 Apr 96 p 2

[By staff reporter Son Ki-yong]

[FBIS Transcribed Text] A senior South Korean official, who recently made a journey into the heart of North Korea amid escalating tension between the two Koreas, said that North Korean technocrats are unexpectedly "aggressive and serious-minded" on the reactor project, once called "the Trojan Horse."

"North Korea has already done a series of preparation works for the reactor construction, with about 140 households and a school excavated from the candidate construction site," said Choe Yong-chin, deputy executive director of the Korean Peninsula Energy Development Organization (KEDO), who made a five-day visit to North Korea starting March 26 along with KEDO executive director Stephen Bosworth. He returned to Seoul before North Korean announcement that it would not honor DMZ duties, raising the tensions on the Korean peninsula.

Partly due to the North's aggressiveness, Seoul and its allies are likely to start building infrastructure in the eastern coastal town of Sinpo as early as June, he said.

During the just-passed winter, North Korea completed laying an optical fiber cable from the North's second largest city of Hamhung to Sinpo, which will enhance communications between reactor builders and Pyongyang and the outside world. So far, telecommunications lines using optical fiber cable have been in service between Pyongyang and Hamhung, thus causing great difficulties in using telephones and fax machines from Sinpo.

On the basis of a series of site surveys, KEDO has chosen three candidate sites — A, B and C — in Sinpo, and Choe said that the international consortium is likely to pick C as reactor construction site if it meets safety terms in the fifth site survey, slated for mid-April.

"North Korea has already offered to allow KEDO workers to use the Yanghwa wharf for the transportation of reactor construction equipment," Choe said.

According to the reactor supply contract between KEDO and North Korea, KEDO will have to pay the expenses to build a 8-kilometer-long road from the wharf to Sinpo and it is prohibited to transport equipment on road.

KEDO should also construct lodging facilities for hundreds of construction workers because there are no existing hotels or inns around the area.

"The last time when a KEDO team visited Sinpo, North Korea refurbished lodging facilities for 30 persons, which were once used by Russian reactor workers. This time, North Korea finished refurbishing additional lodging facilities for 90 persons," he said.

North Korea also requested the KEDO team to start infrastructure construction and ground-leveling works for the reactor site as soon as possible. A 100-meter-high mountain stands in the reactor construction site and KEDO will have to remove the mountain's tip by 30 meters before laying the foundation.

Meanwhile, KEDO and North Korea will start negotiations in New York on April 8 to agree on protocols necessary to implement the reactor supply contract between them. Three main protocols are those for consular protection, travel and communications services and the handover of reactor construction site, he said.

"North Koreans including those from the Foreign Ministry and the North's General Department of Atomic Energy assured us that they will fully cooperate in signing the protocols as soon as possible," Choe said. North Korea also informed KEDO that the General Department of Atomic Energy was picked as an official entity in charge of the reactor construction, he added.

North Korea also plans to form the North Korean version of the South's Office of Planning for the LWR [light-water reactor] Project which will comprise 50 to 60 officials and experts from about 20 agencies, he said. "They told us that the formation of the inter-agency body will be notified to us soon," he added.

During this visit, the two parties agreed on such matters as expenses and venues for bilateral protocol talks he said.

"The talks will be held in New York and North Korea alternately. North Korea will pay the expenses needed for travels and lodging from North Korea to Beijing while KEDO will shoulder the burden for the expenses from Beijing to New York," he said.

Choe said that, during the visit, the North Korean side allowed only KEDO chief Bosworth to meet Vice Foreign Minister Kang Sok-chu in an apparent attempt to discuss issues unrelated to the reactor project, such as diplomatic issues between the United States and North Korea. However, Bosworth told Kang that he is not in a position to talk on such issues, he added.

In the meantime, the official said that KEDO will donate tens of thousands of dollars to North Korea as a token of hospitality for evacuated North Korean residents. Earlier, North Korea, which felt burdensome due to the high costs needed for prior preparation and excavation

works, asked KEDO if it can pay some portion of the costs, he said.

"However, it doesn't mean that KEDO shoulder all the burdens for prior preparation works and it is only a symbolic step for North Koreans evacuated from the site," he said. Even though 140 households were already vacated, the official said that up to 360 households should be further removed from the site.

However, the full-fledged reactor construction works will start after the procedural matters are concluded with North Korea and three main KEDO members — Seoul, Tokyo, Washington — reach an agreement on the burden-sharing of the multi-billion-dollar reactor construction costs, he said.

ROK: Japan Urges DPRK To Follow Armistice Agreement

SK0804132796 Seoul YONHAP in English
1151 GMT 8 Apr 96

[FBIS Transcribed Text] Tokyo, April 8 (YONHAP) — The Japanese Government on Monday urged North Korea to abide by the Armistice Agreement, stressing that it is highly dangerous for the North to throw armed troops into the Joint Security Area of Panmunjom in breach of the truce agreement.

The urging was made by Administrative Vice Foreign Minister Sadayuki Hayashi in a press conference.

"I don't know what is their intention, but it is highly dangerous for them to put armed troops into the Panmunjom area," Hayashi said.

He said his government would strongly ask North Korea to exercise self-restraint since the recent series of their actions are by no means desirable for peace and stability on the Korean Peninsula.

"We will pay a keen attention to the matter while maintaining close contacts with relevant countries," Vice Minister Hayashi said.

ROK: Corrected Version of Defense Minister on KPA Incursions Into DMZ

SK0804124396 Seoul MUNHWA ILBO in Korean
8 Apr 96 p 5

[Corrected version of interview with ROK Defense Minister Yi Yang-ho by reporter Yi Chong-hun on 7 April in Seoul, published in the 8 March EAST ASIA DAILY REPORT on p 76; first two paragraphs are editorial introduction; explanatory notes describe differences from initial FBIS version]

[FBIS Translated Excerpt] [changing processing indicator] Around 2100 [1200 GMT] on 7 April, imme-

diately after the incursion of the armed troops of the North Korean People's Army [KPA] into Panmunjom for the third consecutive day, from the Command Control Room of the Joint Chiefs of Staff in the underground bunker of the Defense Ministry complex, Defense Minister Yi Yang-ho directly exercised command over the situation in Panmunjom. Then Defense Minister Yi visited the reporters' office in the Defense Ministry complex, and said the ROK-U.S. combined defense posture is firm and a U.S. airborne warning and control system [AWACS] will be dispatched from Okinawa.

The following are reporters' questions and the defense minister's answers.

[Question] When did you receive the report that North Korean armed troops had committed another incursion into Panmunjom on 7 April?

[Answer] I received the report a little after 2000 [1100 GMT]. I understand that the North Korean Army soldiers did not engage in building positions but conducted training before they left Panmunjom after the third incursion.

[Question] What countermeasures did our side take?

[Answer] The Panmunjom Guard Unit entered an A-type duty system. The step for all commanding generals and officers to be in set position has been taken for all areas in the frontline units. [passage omitted] [adding editorial notation]

[Question] To which unit do the troops that committed the incursion into Panmunjom belong?

[Answer] They seem to belong to the Panmunjom Guard Battalion, which is the unit that committed the ax murder in 1976.

[Question] Is there anything unusual in the front area except in Panmunjom?

[Answer] At 1300 [0400 GMT] on 7 April, in the DMZ in the Third Division area, three of the 12 North Korean troops did not wear the "Guard" band; the rest wore the "Guard" band. It seems that the command system is not well-ordered.

[Question] What is your analysis of the North Korean objective in committing the incursion for the third consecutive day? [adding "for the third consecutive day"]

[Answer] It seems that North Korea intends to incapacitate the Armistice Agreement and watch our response to this. Their committing this military action while proposing rice talks in Beijing seems to reveal that the North Korean leadership itself is not taking well-ordered measures.

[Question] What is the status of the defense posture of the ROK- U.S. Combined Forces Command?

[Answer] It is firm. Because the North Korean Army is intentionally heightening military tension, we are discussing with the U.S. side measures to augment our intelligence capabilities toward the North. This includes the augmentation of the AWACS.

[Question] The North Korean military action is creating worries among the people.

[Answer] I hope the people will trust the government and the army. I will refrain from visiting the forefront area for the time being for fear that it may add to the people's worries. [passage omitted] [adding editorial notation]

ROK: Egypt Urges DPRK To Act With 'Self-Restraint'

SK0904105696 Seoul KBS-1 Radio Network in Korean 1300 GMT 8 Apr 96

[YONHAP from Cairo]

[FBIS Translated Text] Regarding the current strained situation on the Korean Peninsula, the Egyptian Government has reportedly asked North Korea to comply with the duties stipulated in the Armistice Agreement and show self-restraint to prevent armed conflict. According to sources, on 7 April (Said Abujaid), Egyptian assistant foreign minister, met with Chang Sung-kil, North Korean ambassador to Egypt, and discussed the tense situation on the Korean Peninsula caused by North Korea's declaration to abandon its Armistice Agreement duties. Sources said Assistant Foreign Minister (Abujaid) conveyed the Egyptian position at the meeting hoping that North and South Korea will mutually show self-restraint to avoid armed conflict, and will comply with the Armistice Agreement.

ROK Army, Navy, Air Force Hold 'Emergency' Meetings

SK0804141396 Seoul KBS-1 Radio Network in Korean 1300 GMT 8 Apr 96

[FBIS Translated Text] In connection with North Korea's deployment of armed troops in Panmunjom, the ROK Army, Navy, and Air Force held emergency meetings and ordered all units of various classes to strengthen security and preparedness. Yun Yong-nam, Army chief of the general staff, visited one of the very front units today, and encouraged the officers and men there. According to ROK Army Headquarters, Yun will preside over an emergency meeting tomorrow attended by field commanding officers and staff of the ROK Army Headquarters, to instruct them to shoot and kill

all North Korean soldiers who enter the south side of the Military Demarcation Line [MDL].

Yi Kwang-hak, Air Force chief of the general staff, also held a meeting of all commanding officers and staff to check their operational preparedness. Yi later met with the commander-in-chief of the U.S. Seventh Air Force to discuss the alliance between the ROK and U.S. Air Forces.

An Pyong-tae, Navy chief of the general staff, held a meeting of major officers and instructed the company commanders of the five islands on the West Coast to strengthen the maritime warfare command system in order to immediately cope with any emergency.

ROK Police on 'Full Alert' After DPRK 'Show of Force'

SK0804132996 Seoul YONHAP in English 1157 GMT 8 Apr 96

[FBIS Transcribed Text] Seoul, April 8 (YONHAP) — The National Police were placed on a full alert Monday in connection with the recent show of force by the North Koreans.

In special instructions, the National Police Administration ordered the police across the country to step up their vigilance against the North, noting that North Korea is unveiling an aggressive scheme against the South taking advantage of the current election season.

Lieutenants and higher police officers were told in the instructions to remain within the reach of police communications effective immediately so that they could react forthwith in emergency.

The police were ordered to intensify vigilance especially in vulnerable zones such as areas adjacent to the North and coastal regions, and also to bolster the safeguard of government, diplomatic and other key facilities.

ROK Said Ready To 'Repel Any Provocation' by DPRK

SK0804134096 Seoul YONHAP in English 1054 GMT 8 Apr 96

[FBIS Transcribed Text] Seoul, April 8 (YONHAP) — President Kim Yong-sam said Monday the South Korean Armed Forces are all prepared under the firm joint Korea-U.S. security system to repel any provocation North Korea may unleash.

In a speech at a Sejong Cultural Center reception marking the 40th newspaper day, the president said North Korea is committing acts of grave military provocation at Panmunjom day after day, posing a serious threat to the security of South Korea.

"I think what is most important under the circumstances is the firm sense of national security and solid unity among our people," he said.

Also noting that the South Korean press has been enjoying unbounded liberty under his civilian-led administration, Kim said what the press should do now is to embody the press responsibility which he said has grown commensurate with its expanded freedom.

"At the threshold of the 21st century, our press should exert ceaseless efforts so that we can advance to the forefront in the worldwide race for globalization and information programs," President Kim said.

ROK Trying To Put DPRK-Armistice Issue on UNSC Agenda

SK0904013496 Seoul YONHAP in English
0119 GMT 9 Apr 96

[FBIS Transcribed Text] New York, April 8 (YONHAP) — The South Korean Mission to the United Nations is trying to place the North Korean issue on the agenda of the UN Security Council (UNSC), a mission official said Monday.

Ambassador Pak Su-kil, permanent representative of the South Korean mission, is meeting representatives from UNSC member countries to discuss how the council should cope with Pyongyang's unilateral renunciation of its duty specified in the 1953 armistice agreement, according to the official.

Last Thursday, North Korea abruptly renounced their duty of jointly controlling the Military Demarcation Line and the demilitarized zone and moved heavily armed troops into the northern part of the Joint Security Area of Panmunjom, the Truce Village.

If the issue is discussed at the UNSC, the council may take various measures such as the adoption of a resolution and a statement by the UNSC chairman.

ROK: Diplomatic Solution Urged Sans 'Too Many Concessions'

SK0904011796 (Internet) The Digital Choson Ilbo
WWW in English 1400 GMT 8 Apr 96

[Editorial: "Coping With Armistice Breach"]

[FBIS Transcribed Text] North Korea's irrational behavior in doing away with the armistice agreement will likely be prolonged. South Korea, along with America, will not respond to the North's attempt to sign a peace treaty with the U.S. at the exclusion of South Korea by first breaking the armistice accord. Also, as the North doesn't have the ability to maintain a full-scale war even should it attempt a large scale surprise attack, continu-

ing this behavior appears in their mind to be the only remaining option.

Restoring the armistice accord is the most reasonable means to secure peace on the Korean Peninsula. To persuade the North we, together with the UN and related countries, America, Japan, China and Russia, should work towards an effective diplomatic solution that is not reminiscent of the recently concluded nuclear accord with the North which allowed too many concessions.

If the North continues to proceed in this manner without respecting the armistice agreement, we must find a way to deal with this issue, a situation in which no accord or peace mechanism exists and force is the final option. The best way appears to be in maintaining the capability of overwhelming force in cooperation with America.

We have neglected to build leverage in waiting for the North to respond in kind to our proposals. At this moment the armistice agreement is the only option for us to take.

ROK: 'Calm Holiday Mood' Despite DPRK DMZ Incursions

SK0804134996 Seoul YONHAP in English
1014 GMT 8 Apr 96

["Calm Holiday Mood Prevails Despite Military Tension Near the DMZ" — YONHAP headline]

[FBIS Transcribed Text] Seoul, April 8 (YONHAP) — Life was as usual, at least outwardly, for most of the ordinary South Koreans over the weekend despite the mounting tensions in the truce village of Panmunjom.

Communist North Korea made some provocative and threatening departures from protocol in the Panmunjom truce village in the previous few days, but it failed to scare Seoulites away from their routine weekend plans.

Last Thursday North Korea abruptly renounced their duty of jointly controlling the Military Demarcation Line and the demilitarized zone, getting on the South Koreans' nerves.

But hundreds of thousands of citizens in Seoul, only 40 kilometers from the demarcation line, were out enjoying the Arbor Day holiday Friday just as they do every year.

North Korea have moved heavily armed troops into the northern part of the Joint Security Area of Panmunjom every night beginning last Friday in flagrant violation of the Armistice Agreement, but even the sensitive stock market seems to be recovering its composure quickly from initial psychological shock.

The index fell a moderate 4.64 points on Saturday, the first trading session following Pyongyang's surprise

abandonment of its duty concerning armistice. Prices firmed on Monday.

On Sunday night, when the North Korean troops and weapons entered the joint security area of Panmunjom for the third time, people were enduring extremely heavy traffic on the expressways late into the night as they were returning from holiday resorts.

Such a calm reaction is compared with the hysteric acts of stocking up on daily necessities reported in some quarters of the country at the time of previous crises — the North Korean nuclear crisis in June 1994 and the death of North Korean President Kim Il-sung a month later.

No such phenomenon has been reported this time.

Most political analysts expect that such military tension will favor ruling party candidates in the upcoming general election, although the candidates themselves have refrained from bringing up the issue very often in their campaign speeches.

A 47-year-old voter, Kang Tong-chol, who was listening to campaign speeches at a girls' high school in Songdong-ku, Seoul, said, "Although I felt a bit uneasy when I watched the North Korean troops on TV, I don't think it is a real crisis because we are superior to the North in both economic and military power."

ROK Premier Comments on Security After DPRK 'Provocations'

SK0904070296 Seoul YONHAP in English
0624 GMT 9 Apr 96

[FBIS Transcribed Text] Seoul, April 9 (YONHAP) — Prime Minister Yi Su-song warned Tuesday against "rumors hurting our awareness of national security over the recent series of military provocations by North Korea."

The prime minister issued the warning at a meeting of the State Council, which heard a report from Defense Minister Yi Yang-ho on North Korean troops movement and countermeasures against them.

"It is intolerable for certain corners of society to take advantage of the national security issue for political purposes," Yi Su-song went on, "the administration should cope with North Korean provocations with this factor taken into consideration."

He added that the government must help the general public to see the situation of national security clearly, and make joint endeavors with them to further heighten precautions against any further military provocations by the communist North.

Meanwhile, Defense Minister Yi told the conference that North Korean Armed Forces might remove the markings of the Military Demarcation Line, encroach upon areas of the Demilitarized Zone other than the truce village of Panmunjom with heavily-armed troops, or start provocations on Paengnyong Island or other islands off the west coast.

"Our Armed Forces are ready to cope with any of these developments," he said, adding, "we're dealing with the situation with prudence lest excessive reaction should give the North Koreans an excuse for further provocations."

Pyongyang's show of force appears to be a scheme to induce Washington into concluding a peace agreement with them in a manner favorable to North Korea, the minister added.

ROK Tourists Banned From Visiting Panmunjom

SK0904082796 Seoul YONHAP in English
0740 GMT 9 Apr 96

[FBIS Transcribed Text] Seoul, April 9 (YONHAP) — Visits by South Korean tourists to Panmunjom have been prohibited for the time being due to the recent unauthorized intrusions by North Korean troops into the Demilitarized Zone (DMZ), the Ministry of National Unification (MNU) announced Tuesday.

"In preparing for any unexpected events or possible mishaps that could follow the recent intrusion by North Korean troops into the DMZ, South Korean citizens, for safety reasons, are not allowed to travel to Panmunjom until the situation improves," it said.

The ministry retains the exclusive right to approve requests by South Koreans wishing to visit Panmunjom under commission of the United Nations Command (UNC).

Foreigners wishing to visit the United Nations truce village, must seek the approval of the UNC, the ministry said.

ROK: DPRK Troops Built Temporary Positions in DMZ

SK0904084996 Seoul YONHAP in English
0843 GMT 9 Apr 96

[FBIS Transcribed Text] Seoul, April 9 (YONHAP) — The North Korean troops who were recently put into the northern portion of Panmunjom turned out to have built temporary mortar positions and communication trenches connecting the mortar positions and nearby guard posts while they were inside the truce village, Defense Ministry officials said Tuesday.

The groups of troops mobilized last Friday and Saturday established a mortar position between their guard posts, No. 1 and No. 2, and then dug an approximately 400-meter-long trench linking it to the guard posts, officials said.

The trench seems to be more than a meter deep, according to the ministry.

North Korean troops prepared another temporary mortar position near the guard post No. 5, located next to the "72-Hour Bridge," they said, presuming that the troops might have dug a trench of a similar size there, too.

Noting that the trenches could provide cover for troops, the officials observed that their construction is indicative of the possibility that North Korea may continue to put armed troops inside Panmunjom over an extended period of time.

The number of soldiers involved in the North's first troop movement, which came on Friday, proved to be somewhere between 240 and 260, or two company-strong, not around 130 as was reported earlier, the officials said.

The ministry, meanwhile, made public the pictures of the temporary mortar position built between the guard posts No. 1 and No. 2 and a North Korean soldier not wearing a required armband while on duty inside the Joint Security Area.

ROK: DPRK 'Smuggled' Toxic Chemicals From Japan

SK0904112396 Seoul KBS-1 Television Network
in Korean 1200 GMT 8 Apr 96

[FBIS Translated Text] It has been revealed that North Korea smuggled chemicals that are used as ingredients for sarin, a kind of chemical weapon, from Japan using a ship that came to pick up free rice aid for North Korea. Sarin was the toxic gas used by the Aum Shinri Kyo sect for the terrorist attack at a Tokyo subway. The Japanese police have started investigating a trading company run by an ethnic Korean on a charge of smuggling the sarin ingredients to North Korea. The Korean's background is in the General Association of Korean Residents in Japan [Chongnyon]. Yu Sung-chae reports from Japan:

[Begin Yu recording] The Japanese police today searched eight places, including the head office and warehouse of the Tong-a Technology and Industrial Company, which is affiliated with Chongnyon's Kobe branch, on charges of violating the foreign exchange and trade laws. The police arrested Yi Chong-chun, 34, an employee of the company.

Yi is suspected of smuggling sodium fluoride and hydrofluoric acid, which can be an ingredient of the chemical gas sarin, to North Korea without prior export approval. Yi Chong-chun reportedly disguised 100 kg of sodium fluoride and hydrofluoric acid as gilding chemicals and sent them on a North Korea cargo ship anchored at the Kobe Port twice in January and February.

Sodium fluoride and hydrofluoric acid can be used as ingredients in freon gas or fungicide for livestock, but when they are diverted for military use, they can produce the toxic gas sarin or refine uranium for the production of nuclear weapons. Thus, Japan's law requires prior government approval for the export of sodium fluoride and hydrofluoric acid.

The Japanese police are questioning Yi Chong-chun about usage of the smuggled chemicals and the background of the operation, while continuing the investigation of whether this may be a company-level operation by the Tong-a Technology and Industrial Company. [end recording]

ROK: Daewoo Official, Technicians Enter DPRK

SK0904132596 Seoul YONHAP in English
1158 GMT 9 Apr 96

[FBIS Transcribed Text] Seoul, April 9 (YONHAP) — A Daewoo Corp. official and a group of Daewoo technicians entered North Korea Tuesday to oversee the construction of apparel plants Daewoo is building in Nampo in a joint venture with North Korea, a Daewoo official here said.

During his stay in Pyongyang, Park Won-gil, head of Daewoo's Beijing office, will discuss with North Korean officials the planned conclusion of a joint-venture agreement and some other business deals, the official said.

Daewoo is keeping seven technicians in Pyongyang to help construct production lines of the plants in the Nampo estate and train North Korean workers to be assigned there.

"These Daewoo technicians travel back and forth between Pyongyang and Beijing often," he said, explaining about the technicians who accompanied Pak to his Pyongyang visit.

ROK: Kim Tae-chung Urges PRC To Condemn DPRK DMZ Incursions

SK0904085596 Seoul YONHAP in English
0836 GMT 9 Apr 96

[FBIS Transcribed Text] Seoul, April 9 (YONHAP) — Opposition leader Kim Tae-chung called on China

Tuesday to clarify its objection to the recent incursions by North Korean troops into the Joint Security Area of Panmunjom truce village in violation of the Korean Armistice Agreement that ended the 1950-53 Korean War.

The leader of the major opposition National Congress for New Politics made the call while conducting election campaigning in Seoul and Kyonggi Province, saying, "It is disappointing that China, which has frequently stressed that the concerned parties should comply with the Armistice Agreement, has not expressed an explicit objection to the North's indisputable violation of the Armistice Accord."

Kim was barnstorming in 12 electoral districts to support candidates from his party running in the general election which is only two days away.

"The gap between the government and the United Nations Command is too large as far as their attitude toward coping with the security situation is concerned," Kim maintained, adding, "We actively support the government's preparation for all possible developments. But we cannot condone the government taking advantage of the situation for political gain in the parliamentary elections."

ROK Article Compares PRC-Taiwan Conflict With DPRK-ROK Issue

SK0904045496 Seoul THE KOREA TIMES in English
9 Apr 96 p 8

[Article By economic editor Pak Chang-sok]

[FBIS Transcribed Text] Just as the Taiwan crisis appears to have blown over, another exigency is brewing in East Asia. This time it has settled over the 250 km border separating the two Koreas.

Only two weeks after China finished its war games in and around the Taiwan Strait, the Korean people are feeling a rise in tension.

Taiwan and Korea are similar in a few ways. One notable point in which they are alike is the timing of military exercises or drills staged by their antagonists. Both China and North Korea decided to stage military maneuvers as their decades-long rivals prepared for pivotal elections.

China test fired missiles and staged other military exercises in an attempt to dampen the enthusiasm for independence as the island country readied for its first direct presidential election on March 23. The missiles splashed into waters about 25-30 kilometers from major Taiwanese ports during the crucial week before the poll in an obvious attempt to intimidate voters from

casting ballots for incumbent President and frontrunner Lee Teng-hui, who Beijing fears will push to achieve independence from the mainland.

China's "missile flexing" did not achieve its intended aim as President Lee was re-elected in a landslide. Instead Beijing lost a lot, diplomatically and militarily. It was criticized. It exposed the limits in its military strength. And its relations with the United States worsened.

On the other hand, Taiwanese President Lee was the big winner. The people solidly backed him and what he stands for.

The crisis on the Korean peninsula began when the North announced last Thursday that it was forgoing its control and duties of the Demilitarized Zone (DMZ), a key element of the Armistice Agreement that halted the hostilities of the 1950-53 Korean War. This was followed by its deployment of heavily-armed troops into the Joint Security Area.

Pyongyang's announcement and flagrant violation of the Armistice Agreement, came a week before the April 11 National Assembly elections, which are very crucial for the Kim Yong-sam administration and viewed as a free-for-all.

When faced with a national crisis, how top government leaders react determines how the people will behave. Lee, 73, displayed resolute statesmanship. He instilled confidence in the people with his tough talk and commitment to a strong national defense. Taiwan's defense officials, who avoided the press in the past, made themselves available to give briefings touting the Armed Forces ability to turn back an invasion.

As a result, a surprising calm settled in among the people of Taiwan although there were some hoarding of food, buying of dollars, and selling of stocks.

The greatest weapon Taiwan used to counter China's threats and intimidation was its solid national unity under the trustworthy leadership of President Lee.

However, look at Korean society! National opinion is utterly split.

The "DMZ" is emerging as a hot issue in election campaigns but no bona-fide voice of concern has been heard from any political party. Both the ruling and opposition political camps are hell-bent on turning the tide in their favor for an election win, by capitalizing on the current "crisis."

The country is divided into three blocs with the three "Kims" reigning over three regional enclaves. The electoral stumping is like a "civil war among three

legions," led by the old-school diehards — Kim Yong-sam, Kim Tae-chung, and Kim Chong-pil.

Students are back on the streets to protest the rise in tuition. Their protest took on an anti-government flavor after the death of a Yonsei University student, who died during a street demonstration. His funeral was postponed until after the general elections, in an attempt to use it as a major tool for another political struggle against President Kim Yong-sam, often criticized for his domineering leadership.

Heads of administrative agencies subject to political appointment are going crazy announcing pork-barreling regional development programs, that will never see the light of day.

Chaebol or tycoons, running "hot-house" home-grown multinationals, are rushing overseas during the final days of the election campaign ostensibly in order to avoid the fallout from the political game played by dirty hands.

Companies are putting off making investment in major projects until after the polls so as to see which way the political winds will blow as an opposition victory looms as a distinct possibility. The mass media, synonymous with commercialism, shows more interest in the election campaigns rather than the immediate concern of security.

Taiwanese President Lee played a good hand against China. He was the point man in the success story. He did well because China's motives were clear: "Anti-independence."

But the situation here is different. North Korea's motive is unclear. There are diverse analyses. To prompt direct dialog with the U.S.? To deflect domestic grievances of its faltering economy? To gain the advantage in missile talks with the U.S.? For now, it is difficult to read the Pyongyang leadership's mind.

War would be an unimaginable disaster for all concerned. This time, the Taiwanese leader's actions and wisdom are something worth considering by our leaders in handling this situation.

ROK Police Catch 126 Korean-Chinese Trying To Enter ROK

SK0704060496 Seoul THE KOREA TIMES in English 7 Apr 96 p 3

[FBIS Transcribed Text] Ulsan, Kyongsang-namdo — A total of 126 Korean-Chinese were caught attempting to enter the nation illegally on board a fishing boat in the sea off Pusan early Friday morning, maritime police said.

Two of them received bullet wounds in their legs during the joint military-police operation to apprehend them.

Soldiers fired at Kim Tae-ho, 41, and Sin Chong-yong, 41, when they resisted arrest by wielding wooden sticks at them.

They are being treated at Koryo Hospital in Kijang-kun, Pusan City.

The ethnic Koreans who reside in China — 94 men and 32 women — are being questioned by immigration officials at Pusan Detention House and Ulsan Detention House.

They were caught at about 1:33 a.m. off Woljon Village, Kijang-up, Pusan by a joint military-police team, which was searching for their boat since Thursday night.

Their boat, Kwangbong-ho, a Korean fishing boat registered in Tongyong, was first detected by Navy radar at 10:45 p.m. Thursday, 10.7 miles southeast off Yongdo-ku, Pusan.

The Navy requested inspection, but the crew rejected the request and ran away.

The Korean-Chinese left a Chinese port on April 29 and boarded the Korean fishing boat in the open sea, according to the initial investigation.

The Navy and maritime police have been stepping up marine patrol against increasing numbers of Korean-Chinese seeking to smuggle themselves into Korea for better-paying jobs here.

Korean-Chinese are paying between 3 million to 5 million won to brokers in both China and Korea to illegally smuggle them into Korea.

ROK: Kim Yong-sam Awards Orders of Merit to Tokto Guard Unit

SK0604074596 Seoul YONHAP in English 0255 GMT 6 Apr 96

[FBIS Transcribed Text] Seoul, April 6 (YONHAP) — President Kim Yong-sam presented the order of National Security Merit to the 33 members of the Tokto Voluntary Guard Unit Saturday, 15 of them posthumously, for defending Tokto Islets in the East Sea [Sea of Japan] in the wake of the 1950-53 Korean war.

In a ceremony at Chongwadae [presidential offices], the chief executive praised the volunteers saying, "You, who safeguarded our isolated islets without being instructed or requested by others, are true patriots indeed. Such a noble and loving national spirit provides all of us with a precious lesson today."

Noting that the government is doing its utmost to cordially receive men of merit who have sacrificed themselves for the country and look after their families, Kim said, "It is just such efforts that promise a better future for the country."

President Kim awarded the order of National Security Merit, Samil Medal to the late Hong Sun-chil, who was the commander of the volunteer guards. The remaining 32 volunteers received the Kwangbok Medals of the same order.

The medals presented posthumously were given to the families of 15 volunteer guards who have since passed away.

ROK: Funeral Services for Demonstrator Postponed to 10 Apr

SK0904071896 Seoul YONHAP in English
0607 GMT 9 Apr 96

[FBIS Transcribed Text] Seoul, April 9 (YONHAP) — Funeral services for student demonstrator No Su-sok, originally scheduled for last Thursday, will be held Wednesday morning at Yonsei University, the university's student body announced Tuesday.

It said that Yonsei accepted a request made by No's bereaved family and students that the funeral be held Wednesday, and agreed to pay part of the bill for the vehicles and expenses needed for the ceremony.

The student body added that it hopes riot police will cooperate during No's funeral.

The funeral procession is scheduled to depart for Yonsei University at 11 AM and then will travel to the royal ancestors shrine park for a street service at noon.

Afterwards, it will head via the Kyongbu Expressway for Kwangju, where another street memorial service will be held at 6 PM at the South Cholla provincial office. No's body will finally be laid to rest at Mangwol-tong ceremony.

ROK Opposition Candidate 'Ignoring' Prosecution's Summons

SK0804101496 Seoul YONHAP in English
0456 GMT 8 Apr 96

[FBIS Transcribed Text] Kwangju, April 8 (YONHAP) — An opposition candidate suspected of having contributed a huge sum of money to leaders of his party in exchange for being named as a candidate for the general elections said Monday that he is ignoring the summons from the prosecution.

Kuk Chang-kun, a candidate of the major Opposition National Congress for New Politics (NCNP), told re-

porters at the party's South Cholla Province chapter that the summons is in violation of a criminal law that prohibits interference with an election campaign.

"I was summoned by the prosecution to come at 2:00 PM Monday," Kuk said, "but it's an investigation that is being manipulated through some kind of political maneuvering, so I will not come."

According to prosecutors, Kuk donated approximately 800 million won, withdrawn from 30 accounts held under assumed names at the Chonnam Mutual Savings and Finance Co., between November 1995 and January 1996 to leaders of his party in exchange for his nomination as a candidate for the April 11 general elections.

Kuk, an NCNP candidate running for the Changsong-Tamyang constituency of South Cholla Province, added that the two people who had accused him had retracted their complaint Saturday and had apologized to him.

"The prosecution's summons of me is interference with election, which violates Article 128 of the Criminal Law," he said.

ROK Audit Board Fires Whistle-Blowing Official

SK0804141796 Seoul YONHAP in English
1058 GMT 8 Apr 96

[FBIS Transcribed Text] Seoul, April 8 (YONHAP) — The Board of Audit and Inspection (BAI) on Monday relieved one of its officials of his duty after he made a "declaration of conscience" in connection with the BAI's abrupt halt last year to its look into the background of a condominium project permit given to Hyosung General Development Co.

"We have relieved Hyon Chun-hui, a grade-6 official, of his duty because his duty performance has been not good," a BAI spokesman said. "We will sue him at the prosecution because he took Monday off without permission to make the so-called declaration of conscience."

Hyon alleged in the "declaration" made at the office of the Meeting of Lawyers for Democratic Society that the BAI gave up its probe into Hyosung's condominium project halfway at the instructions of a high BAI official.

He said the time Hyosung applied for a permission for a condominium project in July-September 1994 coincides with the time Hyosung gave a hefty cash bribe to the arrested former presidential aide, Chang Hak-no.

After Hyon's disclosure, BAI said in a clarification that it halted the probe not because of any pressure but simply because there were limits to BAI's inquiry power

such as the lack of the right to trace the sources of bank deposits.

ROK Prosecution Investigates Ex-BAI Official's Libel Charges

SK0904041296 Seoul YONHAP in English
0332 GMT 9 Apr 96

[FBIS Transcribed Text] Seoul, April 9 (YONHAP) — Prosecutors began probing Tuesday into a libel charge filed against a former Board of Audit and Inspection (BAI) official, who claimed that the agency inexplicably halted its inspection of the background of a condominium project permit last year.

The investigation was triggered by the BAI's accusation of Hyon Chun-hui, according to prosecutors.

In a statement submitted to the Seoul District Prosecutor's Office, Nam Chong-su, director general of the BAI's fourth bureau, said Hyon stained the honor of the BAI by implying that the agency was pressed into unjustly halting the inspection.

Nam added that the BAI completed the inspection after having decided that the administration judgement committee's decision was not subject to BAI inspection.

Prosecutors said they plan to summon BAI inspectors soon to confirm how they reached the decision and will then interrogate Nam again.

Hyon was relieved of his post by the BAI shortly after making his accusation at a press conference Monday.

Saying he was making a "declaration of conscience," Hyon said at the office of the meeting of lawyers for a democratic society that the BAI gave up its probe into Hyosong's condominium project halfway under orders from a high-ranking BAI official.

He said the time that Hyosong applied for permission for the project, which was between July and September 1994, coincides with the time the firm gave a hefty cash bribe to ex-presidential aide Chang Hak-no, who is facing bribery and corruption charges.

The BAI, however, is denying that it was pressured to stop the probe, explaining that there are some things it is unauthorized to do, such as tracing the sources of bank deposits.

ROK: MFE Values State-Owned Property at 118.22 Trillion Won

SK0804041896 Seoul YONHAP in English
0215 GMT 8 Apr 96

[FBIS Transcribed Text] Seoul, April 8 (YONHAP) — State-owned property valued at a total of 118.22 trillion won (151.5 billion U.S. dollars) according to a Jan. 1,

1995 revaluation, up 68 percent from the pre-revaluation amount, the Finance and Economy Ministry (MFE) said Monday.

The government usually revalues state-owned property every five years to adjust for inflation.

The value of state-owned land covering a total area of 14.74 billion square meters rose 143.8 percent to 80.88 trillion won, representing 68.4 percent of the total state-owned property.

The value of buildings with a total floor space of 38 million square meters only increased 2.4 percent to 8.14 trillion won because of depreciation.

The value of other fixed assets, including ships, aircraft and miscellaneous equipment, fell 0.2 percent to 29.19 trillion won.

The value of fixed assets for administrative use increased 59.5 percent to 76.31 trillion won while that of cultural and artistic assets soared 557.6 percent to 4.75 trillion won. The value of other property rose 70.2 percent to 37.15 trillion won.

ROK: Emigrating Families Allowed To Take Out Up to \$1 Million

SK0804041696 Seoul YONHAP in English
0109 GMT 8 Apr 96

[FBIS Transcribed Text] Seoul, April 8 (YONHAP) — Beginning June 1, a four-member emigrating family will be able to take up to 1 million U.S. dollars out of the country when they leave.

Under the new foreign exchange control rules the Finance and Economy Ministry is currently drafting, the amount of foreign currency emigrating families are allowed to take out of the country will increase from 200,000 dollars to 400,000 dollars for the family head and from 100,000 dollars to 200,000 dollars for each family member.

In addition, the amount of money overseas travellers are allowed to travel into and out of the country with will increase from 3 million won (about 4,000 dollars) to 7.8 million won (10,000 dollars) per traveler.

The limit on advances exporters can receive from foreign importers will also increase from 10 percent of the previous year's exports to 15 percent.

ROK: Kumho Group Names New Chairman

SK0704015796 (Internet) The Digital Choson Ilbo
WWW in English 1205 GMT 6 Apr 96

[FBIS Transcribed Text] The Kumho Group, one of Korea's largest conglomerates, Saturday named Pak

Chung-ku as its new chairman. Former vice-chairman of the Group Pak, replaces his older brother, Pak Sung-yong, who has become honorary chairman of the group.

This is the third time recently that a younger sibling has replaced his older brother as chairman of a large conglomerate group in Korea. Saangyong and Sammi Groups also named new younger sibling chairmen recently.

At the 50th anniversary of the Group and inauguration day, new Chairman Pak said he intends to concentrate on information communications, aeronautics, marine, new bio-products and the intellectual property industry and to embark upon the construction of a global management system in the group. A target of 75% of the group's sales being achieved overseas in the 21st century has been set. Pak also pledged that he will transform the group into the country's 5th largest by the middle of the next century.

ROK: Striking MBC Workers Agree To Return to Work 6 Apr

SK0504073796 (Internet) The Digital Choson Ilbo WWW in English 1204 GMT 4 Apr 96

[FBIS Transcribed Text] Workers at MBC, a major TV network, announced Friday that they would end their strike of 22 days and return to work on Saturday [6 April]. The workers held a discussion with the chairman of the company and stipulated that they would return to work on the condition that President Kang Song-ku accept responsibility for the deterioration of management and declining viewership and step down after the general election. The union had been requesting Kang's immediate resignation.

ROK: Korea Telecom Enters Overseas Markets

SK0804010296 (Internet) The Chungang Ilbo WWW in English 8 Apr 96

[FBIS Transcribed Text] Korea Telecom (KT) is aggressively pushing ahead with its plans to penetrate overseas markets, in a break with its traditional image as a corporation with an exclusive monopoly on the domestic communications market.

With the Korean telecommunications market entering a mature stage, Korea Telecom originally earmarked 160 billion won for overseas investments in accordance with its strategy to expanding overseas markets. However, the company now plans to greatly increase the amount of investment with the goal of achieving 15 percent of its total turnover (projected at 20 trillion won) in the overseas sector by the year 2000.

ROK Ministry Allows Mobile Phone Rental Business

SK0904024296 Seoul THE KOREA TIMES in English 9 Apr 96 p 8

[FBIS Transcribed Text] The Information and Communication Ministry yesterday announced that consumers may be able to borrow mobile phones and receive voice messages in radio paging services from next month.

A ministry official said that tourists, function organizers and general consumers in parks and other public places with few public phone booths are increasingly in need of the temporary usage of mobile phones.

The rental business will be possible when potential providers of this service sign contracts with the cellular phone service providers Korea Mobile Telecom (KMT) and Shinsegi Telecomm. The two will write contract terms for the business, he added.

ROK Businesses Plan 'Brisk' Capital Investment

SK0704090696 Seoul YONHAP in English 0742 GMT 7 Apr 96

[FBIS Transcribed Text] Seoul, April 7 (YONHAP) — South Korean businesses plan a relatively brisk capital investment for this year, contrary to the expected slowdown due to a downturn of the economy that started late last year.

A survey of 2,321 businesses across the country in February showed that their investment plans for 1996 total 61.37 trillion won (78.7 billion U.S. dollars), up 26.5 percent from the plans they made for 1995, the Korea Development Bank said.

The growth rate was lower than the 37.9 percent the companies planned for last year but much higher than the 19.7 percent presented in the survey conducted in October last year.

Exports are on the steady increase on the increased international competitiveness and business executives have bright business prospects in the long run, and this is why businesses have made a robust investment plan for this year, bank officials said.

The manufacturing industry's investment plan showed a 26.3- percent increase to 42.46 trillion won, up 6.2- percentage points from the earlier planned increase of 20.1 percent.

The heavy industry planned a 28.1-percent growth, while the light industry showed a 15.1 percent increase.

Investments in equipments producing intermediary materials and finished products will increase 23.9 percent

and 12.9 percent, respectively, and investment in equipment producing basic materials will expand 48.4 percent, the survey revealed.

Investments in machinery, buildings and transport equipment will expand 32.5 percent, 28.3 percent and 9.7 percent, respectively. Those in land and other fixed assets will also increase 3 percent and 10.7 percent.

The non-manufacturing sector plans to increase 26.9 percent its capital investment to 18.97 trillion won for this year.

While small and medium-sized businesses plan a combined capital investment increase of 7.4 percent from last year, large businesses will expand a 29.3-percent expansion. Accordingly, large businesses will account for 88.3 percent of the total corporate capital investment in this year, up from 86.2 percent last year.

ROK: Samsung Group Holds Strategic Planning Meeting

SK0804100896 Seoul YONHAP in English
0728 GMT 8 Apr 96

[FBIS Transcribed Text] Seoul, April 8 (YONHAP) — Samsung Group, at a strategic planning meeting in San Diego last week, adopted a five-year plan that calls for a 60 trillion won (approximately 76.9 billion U.S. dollars) investment.

The massive investment will be in a number of cutting-edge projects that are expected to put Samsung at the

forefront of the industry in the 21st century, the group said at the end of the two-day session.

The next generation industries that the leading South Korean conglomerate are after, to add to its already thriving semiconductor chip production, include liquid crystal display [LCD], multimedia, and the biotechnology. The group just started building a large automobile production plant in Pusan, Korea's number two city, last year.

The group estimates that its total combined sales revenue will be 100 billion dollars by the year 2000. Samsung is also going to hire approximately 1,000 foreign employees this year as part of its global operations.

The strategy session, which was presided over by Chairman Yi Kon-hui, also decided to set up five regional headquarters this year that will each have at least one locally incorporated affiliate.

"The next five years loom as a crucial period, not only for the country's social and economic progress toward advanced status, but also for Samsung Group's march to become one of the world's top business groups," the chairman said at the session.

It was also decided at the session to merge similar business lines under one affiliate to streamline group operations.

Burma

Burma: Guerrillas Profound Surprise at U.S. Drug Allegations

BK0904085896 Bangkok *THE NATION* in English
9 Apr 96 p A2

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Burma's ethnic Wa guerrillas have expressed surprise that Washington has, for the first time, named three of their leaders as among the "top (Burmese drug) traffickers" in its 1995 International Narcotics Control Strategy Report.

Senior officials of the United Wa State Army (UWSA) said yesterday that they did not understand why acting leader Pao Yu-chiang, senior commander Li Tzudu, and Southern Command leader Wei Hsueh-kang, whom they claimed were innocent of any trading in drugs, were included in the American report which was released on March 1.

They could not confirm whether the three top leaders, who reside at the UWSA headquarters of Fanghsang on the Sino-Burmese border in the Shan Plateau, were aware or had been informed about being accused of being "top traffickers."

"I don't quite understand why they (Washington) did so (named the three Wa leaders) and how the names came about.

"I feel very uncomfortable about this," said a Wa official.

In the report, the US State Department strongly criticized Burma as still being the world's largest producer of opium and heroin.

It said the drug trade in Burma's northeastern Shan State where the UWSA, the Chinese Kokang and opium warlord Khun Sa have been competing against one another for the lion's share of the opium and heroin market, continues virtually unchecked.

The report blamed the Burmese junta for lacking the "resources, the ability or the will to take serious action against ethnic drug trafficking groups with whom they have negotiated a number of ceasefires."

"Groups known to be involved in the heroin trade, such as the UWSA and the Kokang militia, remain heavily armed and enjoyed complete autonomy in their base areas," it said.

Although the ruling Burmese State Law and Order Restoration Council (SLORC) acclaims that these groups have committed themselves to drug control as part of their ceasefire agreements, the Burmese

government has been either unwilling or unable to get these groups to reduce heroin trafficking and opium cultivation.

Apart from the three Wa leaders, the report also identified U Sai Lin, aka Lin Ming-shing of the Eastern Shan State Army; Yang Mao-liang, Peng Chia-sheng, and Liu Go-shi of the Myanmar National Democratic Alliance Army (Kokang Chinese); and U Mahtu Naw of the Kachin Defence Army as among other top traffickers.

It said SLORC's ceasefire agreements with "these drug armies" has prevented the implementation of any meaningful drug enforcement operations in areas which are under the control of ethnic armies.

"As a result, these regions have become drug trafficking havens, where heroin is produced and trafficked without risk. Leaders of these drug armies have benefitted immensely from their good relationship with the Rangoon regime; their businesses — legitimate and illegitimate — have prospered," it added. The UWSA officials claimed that their leaders' names must have been used by mistake as they "have never been involved" in the drug trade.

Burma: Foreign Minister, Delegation Return From UN Meeting

BK0804155996 Rangoon Radio Myanmar in Burmese
1330 GMT 8 Apr 96

[FBIS Translated Text] A Myanmar [Burmese] delegation led by Foreign Minister U Ohn Gyaw flew back to Yangon [Rangoon] this morning after holding talks with senior United Nations officials in New York.

The delegation was welcomed at Yangon International Airport by Mines Minister Lieutenant General Kyaw Min, Brigadier General Abel, minister of national planning and economic development; Deputy Foreign Minister U Nyunt Swe, and responsible personnel.

Burma: Commentary Criticizes Suu Kyi's Attitude

BK0904051996 Rangoon *THE NEW LIGHT OF MYANMAR* in English 7 Apr 96 p 5

[Commentary by Shwe Mintha]

[FBIS Transcribed Text] I wanted to write this letter for a long time and as the one I wanted to write to is an educated person, I thought that when she comes face to face with the reality in due course and comes to be aware of the facts, she would realize and perceive the truth and make amendments — but as she is seen to become more and more power crazy I have no other

alternative but to write what ought to be written and prevent what ought to be prevented.

I am not an old army veteran and have anything to do with the army at any time. I have not done any business connected with the army. I went to study abroad since my childhood. I was educated and obtained some degrees and returned and joined the post-graduate course at Yangon [Rangoon] University. Then I began to manage and supervise my grandmother's business. Beginning 1964 I served in the Central Council of the Workers Aaiayon [Association] with the least prescribed salary for about 15 years. While working in the Central Council I represented the entrepreneurs and stood on the side of the entrepreneurs. At that time also I did not join the Burma Socialist Programme Party. What I mean to say is that I am one of the spectators. Now I am a pensioner and I am spending my time in resting, reading and view Star TV and BBC news. By reading I know and by viewing I see. News about Daw Suu Kyi often comes up in ASIaweek, FAR EASTERN ECONOMIC REVIEW, and BBC Asian news — Daw Suu Kyi's interviews are written and shown on TV. What Daw Suu Kyi talks about are seen and heard. She is wrong, gravely wrong. She should not say and do things to damage the country. She should not hold on to one-sided ideology. For example on February 1996 in an article in the ASIaweek Daw Suu Kyi said that tourists should not visit Myanmar [Burma] during the visit Myanmar Year 1996 and is not yet the right time to come — if the tourist come and spend money the army will get the money and when it gets money it will carry out anti-democratic acts. Such words said by Daw Suu Kyi is very astonishing. How can the military carry out tourism industry and how can it earn money from it? Isn't it so that the tourism industry is handed over to the private sector. Daw Suu Kyi is fully aware that tourism industry can now be undertaken by any one. Is she afraid that small scale entrepreneurs of urban and rural areas will earn more income if tourists visit Myanmar and buy souvenirs which are produced in the country?

You are entirely wrong Daw Suu Kyi, entirely wrong. Another thing is trying to stop Japan and Western Bloc countries from making investments in the country. She is openly giving talks to prevent them from carrying out business in Myanmar. Sometime back when Japanese trade missions came she objected. Did the Japanese heed to what Daw Suu Kyi said? They even donated computers for students. They also donated medical equipment and medicines for use at hospital under social aspects. Asking them not to come to Myanmar and make any contacts amounts to preventing them in giving social assistance, isn't it so? Just think and say things.

Do not come and make investments in Myanmar as yet come only when there is democracy amounts to selfishness. When a British economic mission came on a study tour to Myanmar, the same thing was repeated, isn't it so? Does it mean that if the British and Americans don't come our country cannot carry on its work? The acts of Daw Suu Kyi are not constructive. Does this mean she loves the country or she wants her party to get power or trying to bring about ruin to the country, this the public are well aware of. If she is trying to stir up situation like the disturbances of 1988 it will never occur again. The country suffered greatly and it has just started to recover from its ill affects. Please do not try to stir up the wildcats again. If you love the country then carry out only constructive acts.

They are your masters. Give all round support to Republican Senator Bob Dole who opposed the Bosnia policy of Clinton Government. As regards the matter of the 1995-96 Budget a consideration was made that the State service personnel did not get their salaries for quite a time. In this way? All round support should be given when good things are done and criticize in a constructive manner when something is wrong and say things in an understanding manner among ourselves. But now, this is not the case and day in and day out nothing good is seen and everything right or wrong is being criticized and taking an opposite stand and saying black when the other side is white by deliberately turning a blind eye to truth.

Chairman of the UN Human Rights Commission in an interview published in the 1 December 1995 issue of the ASIaweek magazine Musa Hitam said the United States and Eastern Bloc nations make use of double standard in taking action in human rights affairs and are being selective in putting the blame. They are being selective in blaming China, Cuba, and Iraq for human rights violations. Those of the Eastern Bloc nationals are one sided and are blaming and accusing Myanmar Naing-Ngan [Burma] of violating human rights. He said the situation of human rights in Myanmar Naing-Ngan is good and has improved and that he fully believes the correct attitude of the ASEAN countries towards Myanmar.

Now Myanmar Naing-Ngan is being accepted in international society; especially the East Asian countries. The mouths of Senator Monihan and Congressman Roberta are now shut tight. Stage director of the 88 disturbances Soltz [Congressman Stephen Solarz] after getting back to his country has lost his seat in the congress and is now left in a corner for his bad deeds. As for Burton Levin [former U.S. ambassador to Burma] he has been retired at once for being too clever and Daw Suu Kyi's advisers Szymanski and Marshall Aday

have completely vanished into the thin air and no news is heard of them. The CIA is also dancing to a different tune with a different mask. This Daw Suu Kyi knows very well. I would like to mention about a recent event for the country to know. This is a trick played by Daw Suu Kyi and BBC. The BBC made a broadcast that the coach in which Daw Suu Kyi would travel to Mandalay was left behind as it was out of order. After one or two days when I told my nephew, who works in Myanma Railways, that it was not good for them to do such a thing, he replied that I was wrong. This lady is very bad. In our country who ever travels by train must produce his or her NRC [National Registration Card] to buy a train ticket. The ticket was not bought by producing Daw Suu Kyi's NRC but in someone else's name and without showing the NRC. Therefore, she cannot go with that ticket and when ticket collectors come and check, she would be fined and there would be trouble and a lot of problems for us. She came merely to cause trouble. This was just a plot created in collaboration with the BBC. All her people know it. This was done merely to create trouble knowing fully well that she could not go. She must be thinking of London. There one can travel just by possessing a ticket, be it man or monkey. Therefore, first try to understand well about the country. Don't go causing trouble for nothing. It will cause problems for service personnel who have nothing to do about this. Don't make up false news so that the political stage will not be lost. Please do not create false news.

The public will not accept falsified news created to cause trouble. It will not benefit to go about making confrontations in all matters. For example all the delegates groups from political parties and representatives-elect delegates are engaged in drawing up the State Constitution. Prior to the release of Daw Suu Kyi everything went smoothly and peacefully. When Daw Suu Kyi was released the Sayagyi [master] just pushed the button and according to their orders and order issued by Daw Suu Kyi, the National League for Democracy turned its back on the National Convention. It is not important whether it is accepted or not but the important thing that the party has the right to submit what it wants. Even if it is not accepted it remains in the record. Basic principles can be amended from time to time when there is need to do so and cannot be kept fixed. Just because Daw Suu Kyi did not like it the others dared not say. Is this democratic tradition? This is not the first time. I have heard the recorded tape of her shouting and scolding the aged people at the democracy central executive committee meeting held before.

The worse of the lot is the matter of asking the United Nations to impose economic sanction on Myanmar.

This was repeated time and again. She also urged on giving pressure when Richardson [U.S. Congressman Bill Richardson] came. Due to the economic sanction imposed on Iraq did Saddam Hussein come down? Did Castro come down due to the same treatment given to Cuba? Daw Suu Kyi is aware that due to the repercussions of the sanctions how much the people had to suffer and how a great number of pitiful children died as the required medicine could not be purchased. Do you want the children in Myanmar to die like that? Can Daw Suu Kyi have considerations for others when her sons in England, living together with their father Michael Aris, have their own computers each and enjoy eating lots of butter? Try to bring trouble to the country then join with sayagyi and try to become a great saviour of the country. What Daw Suu Kyi ought to know is that such a situation will never occur again. Our Buddhist country will never experience such calamities. The present leaders are pious and religious-minded and never permit such a situation to arise. Our neighbouring countries will also lend us a helping hand. Daw Suu Kyi is aware that three-fourths of the world population recognize Myanmar Naing-Ngan. Daw Suu Kyi is gravely wrong.

Sometime in 1989, while I was having dinner with Daw Suu Kyi and a high-ranking officer of an embassy at her residence I told her not to act like "Shwe Ba" [Burmese movie actor who always plays the good guy in the movies and always wins] anymore. I told her that she would not understand this because she had stayed aloof with Myanmar very much and so would not know well about Myanmar and Shwe Ba. She said that I was the saya [teacher] and to tell her in simple terms. I then explained that in the movies Shwe Ba, although outnumbered one to ten, always wins in the fight. Whether there is credibility or not does not matter as long as people clap their hands, he knows that he had the full public backing. Then only did she understand what I meant to say. Now also you are satisfied in cracking jokes and hearing people applaud, isn't it so? Think over before doing or saying things and be careful to note whether they are credible or not.

At one time an old politician U Thein Pe Myint, who has passed away, once wrote a book about his best friend U Kyaw Nyein. The title of the book was "Kyaw Nyein my younger brother, you are still young". Now also, I would like to tell Daw Sun Kyi "You are still young my younger sister".

Brunei, Malaysia & Singapore

Brunei

Brunei: Singapore Thanks Sultan for Training Facilities

BK0904133696 Singapore *THE STRAITS TIMES*
in English 9 Apr 96 p 3

[Report by Leong Chan Teik in Bandar Sri Begawan]

[FBIS Transcribed Text] Deputy Prime Minister Tony Tan yesterday conveyed the Singapore Government's thanks to Sultan Haji Hassanal Bolkiah of Brunei for the training facilities extended to the Singapore Armed Forces [SAF].

"This has been a great help to the SAF in meeting its training needs," Dr Tan, who is also Defence Minister, told Singapore reporters.

The Sultan conveyed his appreciation to Singapore for helping to train some officers of Brunei's armed forces.

After a 45-minute audience with the Sultan at Istana [Palace] Nurul Iman, Dr Tan called on the Sultan's special adviser and Minister of Home Affairs, Pehin Isa.

The Deputy Prime Minister, who yesterday began his three-day introductory visit here at the invitation of the Sultan, said that Brunei and Singapore shared many common interests.

"We agreed that it would be valuable to enhance the level of cooperation between the two armed forces and governments," he added. His visit here is his first since returning to the Cabinet last August.

On the "excellent" defence relations, he said: "We know each other very well, we exercise together frequently. We have in fact increased the complexity of the exercises between our armed forces."

The Sultan and Dr Tan also discussed cooperation in regional forums like the ASEAN Regional Forum, Asia-Pacific Economic Cooperation forum, Asia-Europe meeting and ASEAN.

The talks also included problems arising from recent developments like the Internet. The two sides spoke about the need to introduce regulations on the Internet to curb access to undesirable material and subversive or incorrect information.

Another subject was the influences young people of both countries were exposed to, and how to make sure that they grew cultural roots.

Dr Tan told his Bruneian hosts that in Singapore, "we encourage our young people to spend more time

travelling to countries in the region so that they get a good idea about the countries before they travel or go for further studies in the US, England or other countries".

The Sultan and his adviser expressed great interest in the idea.

On economic cooperation, the leaders discussed the possibility of Brunei and Singapore investing jointly in the region and elsewhere.

Brunei, noted Dr Tan, is promoting eco-tourism, which may be of interest to Singaporeans.

He later visited the University Brunei Darussalam to learn about its progress and to raise to its vice-chancellor, Datuk Sri Laila Jasa Awang Haji Abu Bakar, the possibility of its students spending some time in Singapore's universities, and vice versa.

Later, Dr Tan was hosted to a dinner by Brunei's Ministry of Defence.

Today, he will meet Bruneian Deputy Defence Minister Pengiran Major General Haji Ibnu Apong and senior officials of the ministry and the Royal Brunei Armed Forces. Tomorrow, he will visit the Royal Brunei Navy's Muara Base.

The Singapore delegation on this trip includes Mrs Tan; Mr Chay Wai Chuen, an MP for Brickworks GRC [Group Representation Constituency], Mr Peter Ho, Permanent Secretary (Defence Development); and officials from the Defence Ministry and the SAF.

Malaysia

Malaysia: Russian Envoy Warns Against Assisting Chechens

BK0804062696 Kuala Lumpur *THE STAR* in English
6 Apr 96 [no page number as received]

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Russian ambassador Vitaliy Y. Vorobyev, yesterday cautioned Malaysians against contributing money to Chechen representatives, saying this was against Malaysia's official stance of non-interference in a Russian internal conflict.

He alleged that certain non-governmental organisations (NGOs) in Malaysia were soliciting funds for Chechen representatives and said this could lead to a "misunderstanding."

In January, it was reported that the Malaysian Islamic Youth Movement (ABIM) had launched a campaign to raise RM [Malaysian ringgit] 5 million for the Chechens, to be channeled to their representatives.

Vorobyev said NGOs should understand the "actual situation" in Chechnya.

He said the funds collected for Chechen representatives could be misused to "prolong the confrontation."

"We do not know where the money will go. Maybe it will go to their pockets. Or be used to bribe and buy some people to support them with weapons," he said at a press conference.

He said officials from the embassy could advise NGOs on the conflict to enable them to be "more selective and unbiased" about the conflict.

Malaysian NGOs have been protesting against the continued use of force by Russian troops in Chechnya.

Vorobyev said Moscow would welcome humanitarian aid for the Chechens which were channeled to the federation through appropriate international organisations such as the Red Cross.

He said Chechnya was historically and legally part of the Russian Federation, and the conflict was an armed revolt against the federal authorities, in defiance of the Russian Constitution.

Malaysia: Minister Defends 'Humanitarian Aid' to Chechens

BK0804101896 Kuala Lumpur THE STAR in English 8 Apr 96 [no page number as received]

[BERNAMA report — received via Internet]

[FBIS Transcribed Excerpt] Pasir Puteh — The Government will not stop non-governmental organisations (NGOs) in the country from giving humanitarian aid to the people of Chechnya.

Foreign Minister Datuk Abdullah Ahmad Badawi said the move to provide humanitarian aid to the Chechens, especially women and children who suffered from the armed conflict there, was appropriate.

"The NGOs are giving humanitarian aid and not guns or other weapons," he told reporters at an official gathering organised by the Kelantan Information Department yesterday.

The Russian ambassador here, Vitaliy Vorobyev, on Friday cautioned Malaysian NGOs to be wary when approached by representatives of separatist groups in Chechnya for aid to finance efforts to free the autonomic region of Chechnya militarily.

Abdullah said Malaysia had no intention whatsoever to support the separation of the territory from the Russian Federation, adding that he considered the conflict as Russia's internal problem.

"But there is justification for us to express our views and to ask that they (the Russians) ease the pressure when we see the harsh treatment imposed on the people (the Chechens), as though it is an attempt to eliminate the race," he said.

He said Malaysia, which was against the methods used by the Russians, had urged Moscow to use other approaches. [passage omitted]

Malaysia: Bosnian Minister Views Country's Reconstruction Role

BK0904121096 Kuala Lumpur Voice of Malaysia in English 0800 GMT 9 Apr 96

[FBIS Transcribed Text] Malaysia can play an important role in assisting Bosnia-Herzegovina in its reconstruction process. Bosnia-Herzegovina minister of foreign trade and international communication Neven Tomic said that with its experience, Malaysia can explore the privatization program in Bosnia-Herzegovina that had been planned before the war. Most of the projects involved the construction of infrastructure, such as roads and railways.

Neven said this after the opening of a one-day seminar on new business opportunities in Bosnia-Herzegovina in Kuala Lumpur today. He said Malaysians can also take advantage of the East-West position of Bosnia-Herzegovina to start production in the factories by establishing joint ventures or other kinds of partnership. They can also buy land to venture into new business in Bosnia-Herzegovina using Malaysian technology and experience.

Malaysia: Controversial Remarks by Australia's Hayden Viewed

BK0804062896 Kuala Lumpur THE STAR in English 6 Apr 96 [no page number as received]

[Article by V.K. Chin: "Don't Let Remarks Spoil Good Ties" — received via Internet]

[FBIS Transcribed Text] When he was in active politics, Bill Hayden used to be a pretty good foreign minister. He was a moderate and did a decent job in projecting Australia's image and interest in the region.

However, after spending a few years as his country's Governor-General, who is Queen Elizabeth's representative in Australia, his thinking seems to have undergone a change.

Based on his unsolicited remarks on racial prejudices and biases in a recent radio interview, Hayden displayed a dark side of him which had remained hidden from public view.

ASEAN leaders used to know him as someone who is not as brash as some of his countrymen. Now that he is just an ordinary bloke, perhaps he feels that he can speak his mind without the constraints of office.

Hayden has gone through a frustrating period in the past few years. In a way one could say he had become quite bitter from his own personal experiences, having failed to achieve the pinnacle of a political career as his country's prime minister.

He was leader of the Australian Labour Party who was dumped by his colleagues to make way for the more charismatic Bob Hawke who defeated the Liberal-National party in the 1983 election and became the new Prime Minister.

Hayden had to be contented with being deputy leader and was given the consolation prize of foreign minister. From then onwards, he knew that his political career was as good as over.

Even if he should stay on, he would continue to play second fiddle to Hawke and the group of young upstarts, including Paul Keating, who had helped to rejuvenate the Labour Party.

He finally decided to call it a day and accepted the appointment of Governor-General which is a ceremonial position. This unhappy experience must have played on his mind in the past few years.

It is always difficult for someone who has spent dozens of years in active politics to suddenly have to take a back seat and become a mere spectator. There would be a huge void in one's life.

While the Liberals were quick to disassociate themselves from Hayden's remarks in describing Australia's Asian neighbours as racists, there is also little doubt that he was thinking aloud and reflected the views of many of his white countrymen.

There is a racial bias which exists in most of the Anglo-Saxons not only in Australia but worldwide. They only differ in degree. In Australia, some of them may be 100 per cent racist, others may be 50 or 10 per cent.

It will be interesting to see in which category Prime Minister John Howard and his Liberal colleagues fit in. Racism is best reflected in the landslide victories enjoyed by blatant racists who stood in the just-concluded election.

Though several of them were disowned by the Liberal party, they still managed to win on their own steam and whose only campaign theme was racism and derogatory remarks against the non-Whites in their midst.

The Liberals were quick to disassociate themselves from Hayden's position which could really throw a spanner in the works if the countries mentioned should take offence.

Though Datuk Sri Dr Mahathir Mohamed was the only leader singled out by Hayden, Malaysians should regard Hayden's comments as that of a dotage which should have little bearing on future Australian-Malaysian relations.

Still such unflattering remarks and snipes against its neighbours and their remarks are certainly not helpful in promoting better bilateral ties. One is only surprised that they should come from a seasoned and experienced diplomat like Hayden.

Malaysia: Australia's Fischer Defends Nation From Criticism

*BK080410396 Kuala Lumpur Voice of Malaysia
in English 0800 GMT 8 Apr 96*

[FBIS Transcribed Text] Australia's Deputy Prime Minister Tim Fischer has defended Malaysia against criticism by former governor general Bill Hayden, saying his government will stick to develop strong bilateral ties.

Hayden triggered a storm last week by accusing several Asian countries of racism and stepped up his attack this week. The forthcoming visit by Fischer and Foreign Minister Alexander Downer to several countries in Asia will demonstrate change in the new Australian Government, its intent on building positive relationship based on mutual respect.

Malaysia: Navy Detains Five Thai Fishermen for Trespassing

*BK0804105396 Kuala Lumpur Voice of Malaysia
in English 0800 GMT 8 Apr 96*

[FBIS Transcribed Text] Five Thai fishermen in a trawler were detained by the Royal Malaysian Navy for encroaching in Malaysian waters.

Terengganu Fisheries Director Johari Ramli said the trawler was detained about 134 nautical miles off the Kuala Terengganu coast. The fishermen, aged between 16 and 30, and based in (?Pak Palong), will be charged in court tomorrow.

Malaysia: Finance Minister on Trade Deficit Reduction

BK0904073596 Kuala Lumpur THE STAR in English
9 Apr 96 [no page number as received]

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The trade deficit as at January stands at RM [Malaysian ringgit] 1.1 billion, said Finance Minister Datuk Sri Anwar Ibrahim.

He said the measures taken to reduce the deficit included lowering imports, developing the services sector, using more local materials and increasing savings.

Replying to points raised during the debate on the motion of thanks on the Royal Address, Anwar said the interest rate now was 8.8 per cent compared with 9.5 per cent in 1992 and 10.75 in 1986.

On the allegation that several government agencies were involved in projects not beneficial to bumiputra [indigenous people's] interests, he said the financial management of government agencies would be "tidied up."

Anwar said that no new gambling licences had been issued, adding that the number of gambling outlets had been reduced by 296.

He said the gambling licences being renewed in Sabah — the state with the highest number of gambling licences and outlets — were those issued before 1992.

The Government stopped issuing gambling licences in Sabah in 1992.

"I have reduced the number of gambling licences," he added.

With regard to beneficiaries of the Employees' Provident Fund, Anwar said that the contributions accrued to a non-Muslim employee would go to his or her named beneficiary.

"For Muslims, however, the beneficiary is the administrator (of the estate) and the money is distributed according to Syariah [Islamic] law," he added.

Malaysia: Success of National Automobile Industry Hailed

BK0804135596 Kuala Lumpur Voice of Malaysia
in English 0810 GMT 8 Apr 96

[Station Commentary]

[FBIS Transcribed Text] The launching of Proton Tiara last week is yet another milestone in the continuing maturing of the Automobile Industry Malaysia. It clearly demonstrates Malaysia's capability to adapt to new technologies and challenges facing the car industry.

Back in 1979, the then deputy prime minister Datuk Sri Dr. Mahathir Mohamed called for a feasibility studies to be made for Malaysian-manufactured car.

As a developing country still dependent on commodities many were critical of the project, saying Malaysia was incapable of undertaking such a mammoth venture. It was a difficult period. What more with the mid-80's inflation threatening to scuttle the ambitious project. It was also the period when the manufacturing structure had reached an important cross road in its development.

Malaysia realized that the economy needed to be transformed to enhance its resilience and manufacturing had to lead this change. The government saw the solution to prepare the ground for Malaysia's true manufacturing potential to build a private-public sector initiative. The aim would be — to invest in heavy industrialization program. This was to broaden the evolution of a locally-controlled modern and large scale manufacturing sector through systematically developed industrial linkages.

When the first Proton Saga rolled off the assembly line in the mid 1980's even the hard-core optimist would not have ventured to hope for the Malaysian industry to scale new heights within the decade; nevertheless, it has done so now. Thanks to the relentless efforts of many committed parties. Malaysia has proven its ability to match the best.

The success of the Proton Saga, the national car, is unprecedented. It has made its mark in the global arena and is exported to many overseas markets. Since then, numerous models and versions of the national car have been manufactured and now the Proton Tiara, dubbed the jewel of the nation, has rolled off the assembly line. With the Tiara, there will now be 24 models that carried the Proton mark. The new car, however, is also a reflection that Malaysia is opened to new technologies from all over. It makes economic sense not to be too dependent on any one source for technology. That is why if the first Proton incorporated Japanese technology, the latest version uses French car technology.

The collaborative efforts between Proton and Citroen reputedly reflects common affectare, augurs well for more mutually beneficial ventures in the future. It will provide Proton with a wider technological exposure; nevertheless, the Malaysian manufacturing sector, and Proton in particular, must realize the industry is highly competitive. Rather than resting on its laurels, it is critical to ensure the best in terms of cost, pricing, quality and design. New efforts must be spread to ensure Malaysia's success and increasing importance, and the global automobile market is no flash in the pan.

**Malaysia: Minister Views Official Recognition of
Sunni Sect**

BK0904073396 Kuala Lumpur THE STAR in English
9 Apr 96 [no page number as received]

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — The Government's decision to amend the Constitution next year to make Sunni the official Islamic sect will not jeopardise relations with other Organisation of Islamic Conference (OIC) countries.

"It (the decision) is our affair. If we take the decision (to make Sunni the official sect), what is wrong with that? It is the right of the respective nations (to decide on the sects)," said Foreign Minister Datuk Abdullah Ahmad Badawi.

He said the decision was made for the good of the Muslim community.

"It is also to ensure unity and co-operation among Muslims in the country," he said after opening an international course at the National Institute of Public Administration (Intan) yesterday.

On Sunday, Minister in the Prime Minister's Department Datuk Dr Abdul Hamid Othman announced that the Constitution would be amended to make Sunni the country's official Islamic sect.

On UMNO [United Malays National Organization] Youth's suggestion for Malaysia to be the mediator for the Chechen conflict, Abdullah said the Government could not offer itself to be the negotiator because it was up to the Chechens to make the decision.

However, Malaysia could work with other countries to bring about peace, he said.

"We can voice our views to Moscow to resolve the conflict through negotiations," he said.

Singapore

**Singapore: Investment in China Sets 'All-Time
Record'**

BK0904044496 Singapore BUSINESS TIMES
in English 8 Apr 96 [no page number as received]

[Report by Lu Ning — received via Internet]

[FBIS Transcribed Text] The fear of losing duty-free import privileges appears to have sent Singapore investments in China soaring to an all-time record last year — more than the cumulative total that had been committed previously.

Latest Chinese official statistics show that Singapore investors signed a record US\$8.67 billion (S\$ [Singapore

dollars] 12 billion) worth of direct investment contracts in China last year. This doubled Singapore's cumulative contractual investment in China, which in the 15 years between 1979 and 1994 amounted to US\$8.62 billion.

The actual investment also set a new record of US\$1.86 billion — 58 percent higher than in 1994.

The total number of new investment projects reached 1,279 in 1995. Although there were fewer projects compared to the previous two years, the average project size was much bigger. The average value of a project in 1993 and 1994 was US\$1.67 million and US\$2.62 million respectively; in 1995 it jumped to US\$6.78 million.

Citing these latest statistics, Nie Haiqing, Minister-Counsellor of the Chinese Embassy in Singapore, said Singapore investors are diversifying from the traditional fields of real estate development, food processing and manufacturing into new areas such as tourism, industrial park and infrastructure development.

The diplomat cautioned that some of the investment contracts signed last year might never be implemented.

He suspects that some of them were signed in a rush to beat the deadline for duty-free import of capital equipment. Late last year, Beijing announced that it would end the tariff exemption for capital goods imports enjoyed by foreign investors. The change was originally scheduled to take effect on January 1, but was postponed to April 1.

There were relatively few new investment contracts signed in the first 10 months of 1995, said Mr Nie. There was a surge in new contracts in the last two months, after the policy change was announced.

According to Chinese data, the first half of last year saw contractual investments of US\$1.57 billion, suggesting US\$7.1 billion contracts were signed in the second half.

**Singapore: Philippine Envoy Arrives; Bilateral Ties
Resume**

BK0904070096 Singapore BUSINESS TIMES
in English 9 Apr 96 [no page number as received]

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The new Philippine ambassador to Singapore, Alberto Encomienda, arrived last Thursday to take up his post, the Ministry of Foreign Affairs said yesterday.

Mr Encomienda is a former ambassador to Malaysia.

He has been a diplomat for 25 years.

Singapore's ambassador to the Philippines, Simon Tensing de Cruz, who has served in the Singapore embassies in Jakarta, Bangkok and Riyadh, will arrive in Manila on Thursday.

The exchange of envoys marks the full resumption of bilateral ties, which were broken following the hanging of a Filipina maid last year for murder.

Singapore: Patrols Set Up To Stop Piracy in Malacca Straits

BK0804052396 Singapore THE STRAITS TIMES in English 6 Apr 96 p 3

[Report by Felix Soh]

[FBIS Transcribed Excerpt] Once a hotbed of piracy, the Malacca Straits is now free of maritime robbers because of increased joint patrols by Singapore, Indonesia and Malaysia.

But the scourge of piracy in the region has not been eliminated. There were 40 such incidents recorded for the first three months of this year alone, although they were relatively minor in nature.

"The Straits of Malacca is free of pirates now because of the joint patrols," said Mr. G. Thanasegeran, the spokesman for the Regional Piracy Centre of the International Maritime Bureau (IMB).

The Kuala Lumpur-based centre was set up in 1992 by the IMB, a private organisation established by the International Chamber of Commerce, to monitor the battle against piracy in the region.

According to the bureau, a third of all reported acts of piracy worldwide occurred in waters in South-east Asia and East Asia. Of the 170 attacks last year, 55 cases occurred in waters in the region.

Mr. Thanasegeran told THE STRAITS TIMES in a telephone interview that there had been no piracy incident reported in the Straits of Malacca, one of the world's busiest waterways, in the last three years.

Before the start of coordinated joint patrols by the three South-east Asian countries, the Straits had seen the highest number of pirate attacks.

The bad news, however, is that the waters off Indonesia, Thailand and the Philippines are seeing pirate attacks.

"There have been frequent attacks in the harbours of Indonesian ports, such as Surabaya, Jakarta, Palembang River and Balikpapan," said Mr. Thanasegeran.

Other danger zones include the areas near Manila and south of Mindanao, where shooting incidents have been reported.

"Ships plying close to the islands in the southern Philippines should keep their distance," he added. "They should keep away from the coastal areas."

Asked whether the extra vigilance in the Straits of Malacca could have forced the pirates to operate in other areas in the region, he replied: "This is not the case as the pirates in the Straits were fishermen who have already given up piracy because of the effectiveness of the joint patrols."

He said the pirates operating in Indonesian ports were fishermen and villagers living in the coast. They were not well-armed and usually carried only knives.

The claim of local government connivance in the piracy could not be proved, he commented.

But the syndicates were a different matter as they were better organised and well-equipped, although they surfaced only infrequently.

A syndicate was involved in the raid on the bulk carrier MV [motorized vessel] Anna Sierra in October last year. The Manila-bound vessel with a cargo of sugar worth U.S.\$4 million (\$\$5.5 million) was hijacked in the Gulf of Thailand. [passage omitted]

As for ways to tackle the menace, he said that governments in the region must increase their patrols. Also, they should launch programmes to educate fishermen who resort to piracy.

Other preventive measures: Ships plying the waters, in the region have been asked to introduce anti-piracy watches on deck and keep a close watch on their radars.

Cambodia

Cambodia: Officials: British Hostage Moved Toward Thai Border

BK0904050896 Hong Kong AFP in English 0457 GMT 9 Apr 96

[FBIS Transcribed Text] Phnom Penh, April 9 (AFP) — Kidnappers holding a British mine clearance expert and his Cambodian translator for the past two weeks are moving their hostages further north toward Khmer Rouge-held territory near the Thai border, police and government officials said Tuesday.

The abductors, now thought to be led by a senior aide to the feared Khmer Rouge guerrilla army's chief of staff Ta Mok, are trying to seal off entrances into the jungle as they move through the northern province of Siem Reap, they said.

Christopher Howes, 36, of Bristol, England, and his Cambodian translator, Huon Hourth, "are now controlled by A Tem, the number two to Ta Mok," said

Siem Reap deputy governor Hem Bunheng, citing information from villagers acting as "spies" for the government.

He said intelligence gathered Tuesday morning indicated the kidnappers and the hostages were moved from around villages in the western part of Varin District north to Samrong District close to the Thai border.

"They were seen about 100 kilometers (70 miles) from Siem Reap (town) moving through the jungle," Hem Bunheng said.

A senior Siem Reap police official, speaking on condition of anonymity, said the kidnappers were worried the government was planning to attack them.

"They are not talking about ransom," a senior police official said from the province about 310 kilometers (220 miles) north of the capital. "Now they are afraid that we will fight to liberate (the hostages)."

"No one is being allowed to go into the jungle because the (kidnappers) have closed down the entries behind them."

An attack against the kidnappers has been ruled out by Phnom Penh's top leaders.

Howes and Huon Hourth have been held in a remote part of Siem Reap province since March 26 when they and 25 Cambodian deminers were abducted by a group of armed men linked with the Maoist rebel group.

After Howes refused to act as a courier for a ransom for the Cambodians, all but he and his translator were released.

Howes and Huon Hourth were then moved deeper into the jungle to an area around Phnom Chang Kran Roi (100 Stoves Mountain), a remote jungle mountain about 52 kilometers (36 miles) north of the Siem Reap town and 60 kilometers (42 miles) south of the Thai border.

Provincial officials said Tuesday they believed that the kidnappers had moved Howes and Huon Hourth several kilometers further north.

Both hostages are still believed to be alive, the officials said.

"We are continuing to investigate," said one.

On Sunday, the hostages' employer, the British-based Mines Advisory Group (MAG), concerned about the progress of the investigation, said they were considering mounting their own search for the two from Thailand.

Authorities in Siem Reap had said they feared the kidnappers would move the hostages further north to areas (near) the Thai border that are under Khmer

Rouge control — a possibility that now appears to have come true.

Though the Khmer Rouge have denied responsibility for the abductions Siem Reap governor Toan Chay said late last month that there was a danger of the situation turning from a abduction for ransom into a political stand-off.

The introduction of A Tem into the situation would seem to indicate the rebels' leadership is taking an interest in the case.

Cambodia: Ranariddh Asks for Japanese Economic Assistance

*BK0904121496 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 8-9 Apr 96 p 2*

(Report by Dararit)

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia, said that as Cambodia is still poor and the economy not yet developed, we should not talk about political and power issues. He said the main thing is that we unite and achieve firm national union first to enable us to have the means to develop the nation for the benefit of the entire country.

The prince krompreah said this to Shunji Yanai, Japanese deputy foreign minister, who was allowed a courtesy call and a meeting with him on the morning of 6 April at the prince's residence.

The prince krompreah added that the recent political issues in Cambodia was like a storm in a tea cup, and that there were no problems. Samdech Chea Sim, Samdech Hun Sen, and him will meet after Samdech Chea Sim's return from Singapore. We hope the political issue would be resolved and that our country would continue to enjoy stability and progress.

The prince krompreah also proposed that the Japanese Government agree to let Royal Air Cambodge offer direct flights from Phnom Penh to Osaka, as this is the request of tourist organizations in Japan. At the same time, the prince krompreah also called on Japan to help speed up the construction of the Prek Thnaot hydropower dam, once studied by Japan, as the dam is capable of increasing from seven to eight megawatt of electricity and could also irrigate thousands of hectares. It would also be a major flood barrier. He also proposed that the Japanese Government open its market to Cambodian agricultural products and said Cambodia would raise the quality of its products to meet the needs of the Japanese market.

Replying, Shunji Yanai said he will convey all these proposals from the Royal Government of Cambodia to the Japanese Government. Shunji Yanai also said that Japan will give an answer on the Prek Thnaot hydropower dam at the July 1996 conference in Tokyo, the meeting of aid donor countries for Cambodia's rehabilitation.

Cambodia: Japan To Assist 1998 Elections Financially

BK0904082496 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 8 Apr 96

[FBIS Translated Text] Hec Sothun, head of the Press Department of the Ministry of Foreign Affairs and International Cooperation, says that Japanese Vice Foreign Minister Shunji Yanai informed high-ranking officials of the Royal Government of Cambodia during a visit to Cambodia at the end of last week that the Japanese Government will provide financial assistance for Cambodia's 1998 national elections. Foreign Ministry officials say the Japanese vice foreign minister called on his majesty the king and held talks with the samdech first prime minister, the samdech second prime minister, and His Excellency Ing Huot during his 24-hour visit.

Cambodia: Hun Sen on Cancelled Meeting With U.S. Ambassador

BK0704113596 Phnom Penh National Radio of Cambodia Network in Cambodian
0500 GMT 7 Apr 96

[Speech by Second Prime Minister Hun Sen at the first stone laying ceremony at Phdau Chum monastery in Cheung Prey District, Kompong Cham Province on 6 April — recorded]

[FBIS Translated Excerpt] [Passage omitted on Hun Sen greeting those present] First of all, I would like to apologize to all of you because I cannot greet you properly today. I sprained my arm yesterday. As I was accompanying His Majesty the King and Queen in Kompong Cham I was walking around and shaking my arm too hard.

I did not think meeting with the U.S. ambassador would have been proper with this sling, so I canceled the meeting. I thought the pain would be gone by now, but that is not the case; it merely became more painful through the night.

It would not have been right to cancel the program with all of you here. I decided it would be alright to disappoint just the U.S. ambassador, he is just one person; besides, he will be here for a long time. That meeting can take place at any time. To disappoint tens

of thousands of people and monks, that I cannot do; therefore, I had to come here.

[Passage omitted on Hun Sen talking about his assistance to local projects and the local population and praising the latter's efforts]

Cambodia: Hun Sen Warns Against Military Challenges

BK0904015396 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 8 Apr 96

[Speech by Cambodian Second Prime Minister Hun Sen at the inauguration of a junior high school in Sithor Kandal District, Prey Veng Province on 8 April — recorded]

[FBIS Translated Excerpt] [passage omitted on Hun Sen discussing local projects, praising local authorities for their efforts, and commenting on reports in FINANCIAL TIMES and CAMBODGE NOUVEAU newspapers that say that he is consolidating power through rural development]

I predicted this two months ago—perhaps all of you heard me on the radio or saw me on television—at the S'ang Phnum monastery and when I opened the Kralanh worksite. I said then that competition among the various political parties will make the people more precious than anything. Why? If you insult the people, how do you expect them to love you? If you oppress the people, how do you expect them to love you?

I say we should know how to use our rights to pressure the political parties to serve us. Is this not so? We should use our rights to get the candidates in the election of people's representatives to respect us, to get candidates in the election of commune heads to respect us. If you come to oppress me, why should I vote for you? Why should I vote for you if you lied to me? This is the crux of the matter, what I predicted two months ago. This has turned out to be true.

Now people are starting to say that Hun Sen is consolidating power through rural development. You should make an effort in that case. If you want to uproot and topple Hun Sen, you should outdo Hun Sen. This is the issue. I have no objection to this. You do it. [passage omitted on Hun Sen talking about the number of schools he is building]

I am speaking a simple language. Do not entertain any hope if you want to topple me militarily. Do not have any hope about doing this. Attempts to assassinate me have already failed. New attempts are being made, but it is alright. Just be careful that I do not step on you. If you

fail to kill me, I will step on you regardless of who you are. We are all equal under the Constitution. This is it. I cannot be toppled militarily. Maybe to assassinate me, I am not saying I can escape that. If Hun Sen does not die, however, it will be your turn. Do not forget, however, that if Hun Sen dies, there will be tens and hundreds of thousands of Hun Sen's men who will retaliate. Do not make any mistake about this. If one Hun Sen is gone, tens of thousands of Hun Sen will remain. Do not ever think about this.

There is now only one way left. I will tell you. The method to topple Hun Sen is very simple; it is the simplest way. That is the method of building canals, roads, and schools. Build more of these than Hun Sen does, and you can topple him. If you cannot yet equal Hun Sen in this, you cannot take the people's support away from him. Some consideration could be given to this idea in 1993; however, the situation in 1996 is different. Please understand this. I appeal to politicians who want to uproot Hun Sen. You should start with the people. I am telling you the way to do it.

If you travel by airplane from Cambodia to France, from France to Long Beach in the United States, and to Australia, you are spending money for nothing, while I am saving money. When I travel abroad, I receive travel allowances. I keep this money and do not spend it. When I return, my wife cannot touch this money. This is my own money. I use it to buy cows for people to raise. [passage omitted on Hun Sen discussing spending money to help a disabled friend]

I am telling those politicians who want to topple Hun Sen: Do not do it militarily. Assassination attempts should also be avoided. Trying to assassinate someone is a cowardly way; it is cowardly. There is only one way left. I am telling you how to do it. Topple Hun Sen by outdoing him in building things; then you will be successful. A people's representative will win against another through building and not through lying. It was one thing back in 1993; it is another in 1996.

To the clergy, please remember this. Mark those who make promises. I am not one who make promises. I am a doer. I have never made any promise here, but I will do things when I have the money. It all depends on money.

A super politician said that big businessmen pay 100 in tax to the government and keep 50 for Hun Sen. Hun Sen keeps 25 and uses 25 to build. I say this is this guy's method; this is how he does it. My way is different. Those who donate money follow up and check. Those people like to help through Hun Sen because their money is not lost. I do not have millions. [passage

omitted on Hun Sen thanking people and calling on them to view him as someone who is helping the people]

Cambodia: Khmer Rouge Says Government Offensive 'Squashed'

BK0804043396 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 7 Apr 96

[FBIS Translated Text] The two heads launched their final special operation to capture Khla Ngoap from 3 to 6 April under the command of Van Sophat, veteran chief of staff of several battlefield defeats. The fighting went as follows:

On the morning of 3 April, the two heads mustered infantry troops from the 3d, 12th, and 11th Divisions with support from many T-55 tanks, BM-14 and BM-21 multiple-rocket batteries, and 152-mm and 100-mm cannons and launched them against us from four directions. At the start of the operation, Van Sophat, a commander well known for many past defeats, boisterously bragged that he would take Khla Ngoap within three days. His tactic was to use his big guns, including multiple-rocket batteries and 100-mm and 152-mm cannons, to fire hundreds of rounds at us and then send infantry troops and tanks to conduct a concerted assault from Lhong Weir, Hill 35, Mak Hoen, and the borderline. The four columns were to link up at Boeng Cheal.

The enemy forces had barely left their starting points on 3 and 4 April when they were attacked by our army and poor peasants inside our fields of strategic weapons. We attacked them from the front, rear, and sides, detonating mines and using sniper fire to kill or wound more than 50 enemy personnel. The infantry troops of the 3d Division were routed and retreated in disorder. Later, the forces of the 12th and 11th Divisions were also routed.

On 5 April, the army and people surrounded and smashed the tanks of the invading enemy forces after luring them into our minefields. A fleeing tank ran over our mines, exploded, and completely burned.

On 6 April, we continued to crush the invading troops from these three divisions. Fighting began at dawn and lasted until 1700. Nearly 60 enemy troops were killed or wounded. Two T-55 tanks were set ablaze and another was damaged. Three other tanks together with infantry troops from the 11th Division tried to tow away the crippled tanks. One was hit by our gunfire and burned. Frequently defeated commander Van Sophat panicked. He called in a helicopter to fire rockets at us in a bid to provide cover for his tanks. We fired our 12.7-mm and RPK guns at the helicopter, hitting it and forcing it to crash in a plume of smoke in the Chramoh Chruk area.

In sum, from 3 to 6 April the army and poor peasants completely squashed the enemy's final special operation. We killed or wounded more than 100 invading troops, burned four enemy T-55 tanks, damaged another, and set a helicopter ablaze. On the evening of 6 April, Van Sophat, who replaced the rapidly fleeing Prum Samen, was himself prepared to flee no less speedily.

Cambodia: Detention of Diplomatic Car at Border Related

BK0704070996 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 6 Apr 96 p 3

[Unattributed report]

[FBIS Translated Text] REAKSMEI KAMPUCHEA received a letter on 1 April from a man who is living in Ta Boeb village, Bavet commune, Chantrea District, Svay Rieng Province. Demanding anonymity, the man in his letter, said the police detention of offenders at the Bavet border checkpoint appeared strange.

He wrote: Every four or five days, I travel to Vietnam through the Bavet border control post to sell my goods and buy farming equipment. On 24 March at the checkpoint, something odd took place: Police and mixed forces there stopped four offenders who were in a navy blue Mercedes bearing a diplomatic license plate (number forgotten). Those persons, who were involved in counterfeiting U.S. currency, were followed close behind by secret Cambodian and international police from Phnom Penh.

The letter continued: At that time, many people including me, who were travelers witnessed the event. After the car was stopped, the checkpoint police ordered the offenders to go to the police station for questioning. However, in spite of the stern order, they refused to leave the car (arguing that it was a diplomatic vehicle). Later, the chauffeur, who was told to fill out travel documents and who was not ordered to leave the car, got out.

I really do not know what happened exactly. However, later, I saw the checkpoint deputy chief taking a foreigner on his motorbike to Vietnam and back several times because the foreigner supposedly needed to use the telephone there.

This incident lasted quite long. Perhaps backup forces from the Interior Ministry were called in because the offenders flatly refused to leave the car. They ate and drank and also urinated and opened their bowels into plastic bags in the car.

Anyway, on the morning of 25 March at 0900, a white diplomatic Nissan car, registration number forgotten,

arrived and intervened to release those people. Then, the situation involving the white diplomatic car on the one hand and the Cambodian and international police on the other became very complicated and tense, and the case remained unsolved.

The letter asks: How did the people in the white diplomatic Nissan car know the incident so promptly and was able to intervene on time? And, what are people allowed to do when they are detained?

In my opinion, the above incident where the offenders were detained at the Bavet checkpoint was very strange!

Cambodia: Railroad Repairs Suspended for Lack of Security

BK0904161496 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 8-9 Apr 96 p 4

[Report by N. Sranaoh]

[FBIS Translated Excerpt] An official of the Railroad Repair Department has told REAKSMEI KAMPUCHEA that the repair of the track between Kaoh Cha and Kouk Trom has been suspended due to the lack of security.

This segment of the railway line has been attacked frequently by the Khmer Rouge using mines. To hinder the connection of the line from Moung District to Battambang Province, the Khmer Rouge destroys the back section the moment the forward section is repaired. The 10-km stretch of railway line between Kaoh Cha and Kouk Trom has been seriously damaged. Khmer Rouge rebel mines have damaged two bridges and the track in more than 100 places.

The official said that the equipment for repairing the track and bridges and the labor have all been prepared. We are only waiting for a chance to carry out the repair work. It would a waste, however, if the repair is done and the work cannot be protected. Therefore, work should be suspended. [passage omitted]

Indonesia

Indonesia: Islamic Leader Predicts 'Complicated' MPR Session

BK0804072996 Jakarta MEDIA INDONESIA in Indonesian 4 Apr 96 [no page number as received]

[Unattributed report — received via Internet]

[FBIS Translated Text] Jakarta (MEDIA) — Even though the 1998 general session of the MPR [People's Consultative Assembly] is still two years away, Abdurrahman Wahid, chairman of the Nahdlatul Ulama

Islamic group, has already predicted that it will be a complicated event.

Popularly known as Gus Dur, Abdurrahman Wahid said the complication will arise because the MPR general session to be held after the 1997 general election will have "many factors that need consideration."

"If we look closely at the latest political developments, the seeds leading to such a situation are already visible," he told reporters in Jakarta on 3 April.

He said the fact that President Suharto will be more than 75 years old in 1998 will be one factor that needs consideration.

Asked to comment on other factors, Gus Dur cited the issue of whether ABRI [Armed Forces of the Republic of Indonesia] officers or civilians should be the country's future leaders. "Will the vice president, for example, be an ABRI man or a civilian? If he is a civilian, who? If he is from the ABRI, who? This will be one factor that will complicate the MPR general session in 1998," he said.

Gus Dur noted that complications will also arise from the country's system and mechanism for electing its president and vice president.

"We actually do not have a basic mechanism for electing the president and vice president. We only have a system whereby the head of state and his deputy are selected by the MPR general session. We do not yet have a mechanism. Of course we have our own regulations, but there is no mechanism incorporated in our legal framework," he said.

Another thing that people should be vigilant about is the growth of hegemony in political life. "The trend toward hegemony in daily political life is seen in the involvement of military men, which runs counter to the 1945 Constitution and which will clash with other forces coming from movements with similar ideologies," he said.

Gus Dur said another form of hegemony is seen when people try to defend their power. "Some people who want to remain in power will use various means aimed at maintaining political hegemony," he said.

In view of the many factors that will complicate the MPR general session in 1998, Gus Dur believes one of the three contestants in the 1997 general election must win with a simple majority.

"It is not important who wins with a simple majority, but the current political situation obviously needs this outcome," he said.

Indonesia: ABRI Chief Opposes Election Monitoring Committee

BK0704081996 Jakarta KOMPAS in Indonesian
6 Apr 96 [no page number as received]

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Bandung, KOMPAS — ABRI [Armed Forces of the Republic of Indonesia] Commander General Feisal Tanjung says ABRI is keeping to its original stand not to recognize the existence of KIPP [Independent Election Monitoring Committee] because as far as the general elections is concerned, there is already a mechanism for it.

"Everyone is entitled to monitor the general elections, but no one will recognize KIPP because we already have the mechanism for it," Feisal Tanjung told reporters after he attended a ceremony to mark the 22d founding anniversary of the ABRI Staff and Command College in Bandung on 4 April.

Speaking on the same occasion, Major General Suwarno Adiwijoyo, assistant to the chief of ABRI Sociopolitical Affairs, said KIPP will not be banned as long as it does not create instability.

Commenting on the opposition to KIPP's presence in several provinces in Indonesia, Suwarno said it has something to do with the credibility of the committee members themselves.

"The committee claims it wants to ensure a high quality, fair, and honest elections. If they have good objectives, who can ban the committee?," Suwarno said.

Gen. Feisal Tanjung said ABRI's stand toward KIPP is based on existing laws. "Even though we are still studying the laws on this, the committee will face action if it violates the law. We must uphold the law," said Feisal.

Commenting on reports that certain groups will boycott the elections, Gen. Feisal said: "Why do they have to do that? Such an action is irresponsible. They said they want democracy, but if they boycott the elections, how will we achieve democracy?" [passage omitted on KIPP's planned activities]

Indonesia: Dailies Comment on Military's Role in 1997 Elections

BK0904121596

[FBIS Report] Three Indonesian-language dailies carry editorials discussing ABRI [Armed Forces of the Republic of Indonesia] sociopolitical role and its determination to ensure the success of the 1997 general elections.

Jakarta MERDEKA on 6 April carries a 500-word editorial on page 6 entitled: "There is a need to hold dialogues with history."

MERDEKA quotes a recent article by Sujati Jiwandono, a researcher at the Center for Strategic and International Studies, entitled: "Is ABRI losing sight of history?", which discusses the ties between ABRI and Golkar [Functional Group] in chronological fashion. However, the article also questions Army Chief General Hartono's open support for Golkar by wearing its yellow jacket and declaring that each ABRI personnel is a Golkar cadre. As there are three election political parties, it is unwise for ABRI to voice its support for Golkar only. This can be likened to a "father" who shows favoritism among his three sons.

MERDEKA urges ABRI to review its history and ties with Golkar and warns that by failing to do so, ABRI may "be disoriented and unable to know where it is heading. Secondly, it may lose its strategic way of thinking."

Continuing, MERDEKA says: "If ABRI is not careful in reading the signs of times, the entire nation may be disoriented because ABRI is still considered to have sociopolitical leadership."

MERDEKA concludes by saying: "We do not believe that the ability to hold dialogues with and to understand history belongs to the founding fathers only. The younger generation also has this ability as long as they do not neglect and abandon history."

Jakarta SUARA KARYA on 8 April carries 500-word editorial on page 5 entitled: "ABRI To Take Strong Action Against Those who Obstruct General Elections."

The paper cites ABRI Commander General Feisal Tanjung's remarks in Bandung on 4 April that ABRI will take strong action against those who obstruct the 1997 general elections. Gen. Tanjung was commenting on a statement issued by student groups in Bandung who called for a boycott of next year's elections.

SUARA KARYA voices its support for ABRI's stand, noting that: "ABRI's stand as announced by its commander is in accordance with its duty and responsibility as the state apparatus and defense force."

It concludes by urging "anybody who wants to see a successful election to be vigilant against any activity which obstructs the 1997 general elections, because the election is not an arena where we fight one another, but a democratic forum where people exercise their right to vote."

Jakarta KOMPAS on 8 April carries a 600-word editorial on page 4 entitled: "The Significance of the Recent

ABRI Leadership Transfer is the Consolidation of its Position."

KOMPAS says the recent appointment of new commanders of the Army Strategic Reserve Command, the Special Forces, the Navy, and the Air Force is an interesting event and subject to various interpretations. However, most observers believe it is related to the 1997 general elections and the 1998 general session of the People's Consultative Assembly.

Stressing ABRI's important role, KOMPAS says: "The consolidation of ABRI's position is important, especially when it is related to the 1997 general elections and the 1998 general session of the People's Consultative Assembly. If ABRI is fully consolidated, loyal, and self-confident, it will deal with any changes in society in an open manner, instead of adopting a withdrawn, indecisive, and unfriendly stand, or even worse, overreacting to such changes."

Continuing, KOMPAS says: "We trust the government and ABRI leaders have adequate wisdom to be able to read the signs of the times and deal with public aspirations through persuasive means."

KOMPAS concludes by saying: "What we want to stress here is that the process of ABRI consolidation, which will lead to cohesion, loyalty, increased ability and self-confidence, will have a positive impact on next year's general elections. This process of consolidation will also lead to a safe and peaceful situation in the elections where common sense will prevail over emotions."

Indonesia: Minister Reaffirms Plan To Buy Nine F-16's

BK0904084996 Jakarta SUARA KARYA
in Indonesian 9 Apr 96 p 1

[Unattributed report]

[FBIS Translated Text] Jakarta (SUARA KARYA) — Ginanjar Kartasasmita, minister of state for national development planning and chairman of the National Development Planning Board, has said the Indonesian Government is interested in purchasing nine F-16 jet fighters from the United States. The government is exploring the possible purchase of the jet fighters to support the current fleet of 11 F-16's belonging to the Indonesian Air Force.

Ginanjar said this after receiving the Swa Bhuna Pratama Medal at the Air Force Headquarters in Cilangkap on Monday (8 April). Ginanjar said the United States had offered to sell the nine F-16 jet fighters when President Suharto met U.S. President Bill Clinton in Washington recently [last September].

Ginanjar said the Indonesian Government had in principle accepted the U.S. offer to sell the nine jet fighters. "Nevertheless, financing the purchase of the jet fighters has become a problem because the development budget, including the budget of the Armed Forces of the Republic of Indonesia, is limited," Ginanjar said.

Ginanjar said the Indonesian Government hoped for the availability of competitive sources of financing and soft purchase terms.

Meanwhile, Vice Admiral Sutria Tubagus, air force chief of staff, said the Indonesian Air Force, which would be 50 years old tomorrow, would continue to strive to enhance its role in facing future challenges. The 50th anniversary of the Indonesian Air Force will be nationally commemorated at the Halim Perdanakusumah Main Air Base. President Suharto will attend the function.

The commemoration of the golden jubilee of the Indonesian Air Force will be marked by an air demonstration made up of mid-air refueling, action by a search and rescue team, and aerobatics. The aerobatics will be performed by a HS Hawk MK-53 fighter and six F-16 jet fighters.

The HS Hawk MK-53 fighter, to be piloted by Aviator Major Bambang Sulistyo as the pilot and Aviator Second Lieutenant Imam Thoifur as the copilot, will perform in a six-minute solo flight. Aircraft from the Training Squadron 103 based at the Iswahyudi Air Base in Madiun, which is used for training combat aviators, will perform a series of mid-air stunts.

Laos

Laos: President Receives DPRK Party Delegation

BK0704070696 Vientiane KPL in English
0941 GMT 6 Apr 96

[FBIS Transcribed Text] Vientiane, April 6 (KPL) — A delegation of the External Relations Board of the Workers' Party of Korea (WPK) led by its head, Hyon Chun-kuk, who is also a member of the WPK CC [Central Committee], on April 5, called on president of the Lao People's Revolutionary Party [LPRP], Khamtai Siphandon.

During the meeting, Khamtai Siphandon welcomed the visit to Laos of the Korean delegation and considered it as the contribution to the enhancement of the friendly relations existing for a long time between the two parties and peoples of the two nations. The LPRP president also informed the guests about the success of the sixth congress of the LPRP.

Hyon Chun-kuk expressed his deep thanks to the Lao leader and evaluated the relations of friendship and

cooperation between the two parties, two governments and peoples of the two countries. He also hailed the achievements scored by the Lao people during the renovation period and especially the success of the sixth congress of the LPRP.

Lao Government Decides To Establish Diplomatic Ties With Slovenia

BK0704085696 Vientiane KPL in English
0920 GMT 6 Apr 96

[FBIS Transcribed Text] Vientiane, April 6 (KPL) — The governments of the Lao PDR [People's Democratic Republic] and the Republic of Slovenia have decided to set up diplomatic relations at the ambassadorial levels following the formal signing of a joint communique in New York on March 28.

Signing the document were Mr. Darulo Turk, and Mr. Alounkeo Kittikhoun, respectively Slovenian and Lao ambassadors and permanent representatives to the United Nations.

With a desire to promote and strengthen the relations between the two countries and a determination to boost cooperation for mutual benefit, the two governments have decided to establish diplomatic relations on the basis of the principles of mutual respect of their sovereignty, equality, and non-interference, as enshrined in the Charter of the United Nations, indicates the joint communique.

Lao National Assembly To Convene 8th Session 18-30 Apr

BK0904085196 Vientiane Vitthayou Hengsat Radio
Network in Lao 1200 GMT 8 Apr 96

[Announcement issued by the National Assembly Office in Vientiane on 3 April]

[FBIS Translated Text] To National Assembly members from all constituencies throughout the country: Acting upon Article 15 of the Law on the National Assembly and Article 4 of the regulations on convening of National Assembly sessions, and based on the National Assembly Standing Committee resolution dated 25 March 1996 on convening the eighth ordinary session of the Third National Assembly, the National Assembly Office has the honor of informing all National Assembly members that the eighth ordinary session of the Third National Assembly will be held at the National Assembly Hall in the capital, Vientiane, on 18-30 April 1996. National Assembly members from all constituencies are asked to make preparations for the session and arrive in Vientiane no later than 16 April 1996. The heads of auxiliary offices of all constituencies [words indistinct]

are also requested to attend the session along with other delegates.

You are hereby notified and requested to take action.

Philippines

Philippines: Enrile Voices Interest in Buying U.S. Planes

BK0804042596 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 7 Apr 96

[FBIS Translated Text] The Armed Forces of the Philippines [AFP] plans to buy old cargo planes from the United States as part of its modernization plan. Armed Forces chief Arturo Enrile has admitted that the AFP is interested in U.S.-made equipment, particularly planes that can be used in search and rescue operations. This plan was revealed by Enrile following his week-long visit to the United States. The United States has also offered to sell F-16 fighter jets to the Philippines as part of the AFP's modernization program.

Philippines: President Appoints New Health, Tourism Secretaries

BK0904024496 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 8 Apr 96

[FBIS Translated Text] President Ramos has appointed two new cabinet secretaries — Mina Gabor as secretary of the Department of Tourism and Carmencita Reodica for the Department of Health. Gabor replaces Eduardo Pilapil Sr., who was rejected by the Commission on Appointments. Reodica replaces Hilarion Ramiro, who was involved in corruption.

Philippines: Military on Red Alert on Anniversary of Ipil Raid

BK0404021796 Manila BUSINESS WORLD in English 4 Apr 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Government troops in Mindanao are on red alert after the Armed Forces of the Philippines (AFP) General Headquarters in Camp Aguinaldo raised the possibility of extremist attacks on villages during the first anniversary of the Ipil massacre.

AFP Chief of Staff Gen. Arturo Enrile yesterday said that although it is remote that the Ipil Massacre will be repeated, government troops in Mindanao have been placed on alert. With reports of possible bomb attacks by the Abu Sayaff this Holy Week, Mr. Enrile declared "There is nothing to panic about even if the security in Zamboanga is tighter than usual."

It will be recalled that combined forces of the Abu Sayaff, the Moro Islamic Liberation Front and a Moro

National Liberation Front lost command numbering about 200 assaulted Ipil last year. Armed with mortars, M203 grenade launchers, recoilless rifles and M16 rifles, the raiders robbed several banks, slaughtered 42 civilians and soldiers, wounded 45 others and burned the town center down to cover their retreat.

Philippines: Military Clashes With MILF in North Cotabato

BK0804042496 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 7 Apr 96

[FBIS Translated Text] Army Division Chief Raul Urgelio says clashes between the military and Moro Islamic Liberation Front (MILF) rebels are continuing in Cotabato. The encounter started Saturday after the MILF attacked the headquarters of the 60th Infantry Battalion in Carmen Town, North Cotabato. Urgelio did not confirm if there have been any casualties between the warring forces. He said the original MILF force of 500 is being reinforced. The Army battalion was stationed in the area to protect a road construction project from the MILF.

Philippines: Enrile Threatens Offensives Against MILF

BK0904072796 Manila BUSINESS WORLD in English 9 Apr 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Armed Forces of the Philippines (AFP) may launch an offensive against the Moro Islamic Liberation Front (MILF) if the rebel group does not stop attacks on military troops in Mindanao. AFP Chief of Staff Gen. Arturo Enrile said the military has been exercising maximum restraint with regard to the MILF and is trying to prevent a major conflict that may prevent peace talks. However, Mr. Enrile said he cannot allow the MILF to continue harassing government troops, especially those assigned in the Malar Irrigation Project in the province of Cotabato.

Last Saturday, elements of the 60th Infantry Battalion based at the irrigation project were attacked by MILF troops from barangays [villages] Tupig and Tonganon, Carmen, Cotabato. Four government soldiers were wounded in the attack. Mr. Enrile said they have also received reports that MILF snipers are being used, with eight soldiers having been wounded and four killed. "There are snipers positioned when troops are conducting their patrol operations," Mr. Enrile said. "We cannot afford to wait for our people to be sniped at in the field. If the MILF insists on sniping at them and attacking them then we will give them the works," Mr. Enrile said.

**Philippines: 'Informal Cease-Fire' Stops
Army-MILF Clashes**

*BK0904124596 Hong Kong AFP in English
1111 GMT 9 Apr 96*

[FBIS Transcribed Text] ZAMBOANGA, Philippines, April 9 (AFP) — An informal ceasefire was called Tuesday after three days of fighting between the military and the Muslim insurgent Moro Islamic Liberation Front (MILF), military sources said.

Brigadier General Raul Urgello, the army division chief in charge of the operations said: "There is no fighting, we are implementing an informal ceasefire but if the MILF attack us, we will run after them."

Urgello said the ceasefire was called after local officials appealed for an end to the fighting.

Meanwhile, the death toll from the clashes rose to eight MILF guerrillas and four Army soldiers.

MILF spokesman Gadzali Jaafar confirmed an informal ceasefire was holding.

In a separate incident, suspected members of another Muslim rebel group also carried out an attack on Sunday, setting fire to a Protestant church in the southern Philippines, military sources revealed Tuesday.

Suspected members of the Abu Sayyaf, a Muslim extremist group, used gasoline to set fire to the First Christian Fellowship Church in Mayahay village in the southern Philippines, the military said.

Residents managed to put out the fire after it engulfed the building's second floor.

The clashes between the MILF and the army began on Saturday when the rebel group attacked an army battalion headquarters in Carmen town where the soldiers are guarding a government road construction project leading to a Japan-funded irrigation dam.

The MILF claims the troops were encroaching on their territory.

Military sources said the military was discussing a formal truce with the MILF but could not provide details.

The MILF and the Abu Sayyaf are both offshoots of the main Muslim insurgent group in the southern Philippines, the Moro National Liberation Front (MNLF), which waged a bloody war for a separate Muslim state in the 1970s but has since signed a ceasefire with the government to negotiate for autonomy.

Neither the MILF nor the Abu Sayyaf have agreed to the MNLF ceasefire and both are still pressing for an independent state.

The Abu Sayyaf is widely blamed for a series of bombings in this southern city in the past two months as well as a bloody raid on Ipil town in April 1995, which claimed 53 lives and resulted in the burning of the town's commercial district.

A suspected Abu Sayyaf member was shot dead by soldiers when he tried to steal one of their M-16 rifles in the southern town of Isabela on Monday.

In another incident the same day, a Philippine Marine manning a checkpoint to search for Abu Sayyaf members shot dead a Muslim in the southern town of Jolo after the man refused to be searched and pulled out a gun, the military said.

**Philippines: CMT Trainees Expected as AFP Main
Reserve Force**

*BK0504042496 Manila PNA in English
0153 GMT 5 Apr 96*

[Received via Internet]

[FBIS Transcribed Text] Manila, April 3 (PNA) — High school graduates who have completed the basic Citizen Military Training (CMT) will be the main source of enlisted reservists which will be the base for the expansion of the Armed Forces of the Philippines (AFP) in the event of war, invasion or insurrection.

According to a press briefing paper entitled "Synopsis of Philippine Army (PA) Reserve Force Development," the CMT graduates will be a part of the organization of ready reserve companies.

The reservists produced through the Reserve Officers Training Course (ROTC) will be the secondary source for enlisted reservists.

The briefing paper also said that the "reserve unit manpower build-up and training shall be gradual. Initially, it shall be by companies until such time that it accumulates to a battalion."

In case of war, the AFP will establish Regional Community Defense Groups (RCDGs) and the Community Defense Centers (CDCs) located in military reservations, the paper said.

The RCDGs administers and controls all the PA reserve forces in the whole region, it said.

The CDCs administers and controls the reservists in the provinces.

Today, the paper said, the PA has 14 RCDGs and 73 CDCs spread all over the country.

Philippines: 'Second-Highest' Official of Communist Hlt Squad Captured

BK0804042896 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 7 Apr 96

[FBIS Translated Text] The alleged second-highest official in the Alex Boncayao Brigade has fallen into the hands of the authorities. Army chief Clemente Mariano identified the suspect as Roberto Banawa, alias (Bien). Banawa was arrested in his hideout in front of the San Carlos Seminary in Guadalupe, Makati yesterday by a joint team from the armed forces, Southern Police District Command, and Presidential Task Force on Intelligence and Counterintelligence. Seized from Banawa were a .45-caliber pistol and two loaded magazines.

Banawa is the 16th official arrested following the launching of an operation in October 1995.

Philippines: Direct Local Investment Increases

BK0904073196 Manila BUSINESS WORLD in English 9 Apr 96

[Report by Daniel O. Lizano — received via Internet]

[FBIS Transcribed Text] Direct local investments last year more than doubled compared with 1994 as investors found renewed optimism in the country's favorable economic performance.

Latest data furnished BUSINESS WORLD by the Securities and Exchange Commission (SEC) show aggregate capital infusions increased to P [pesos] 180 billion from P84 billion although the number of registered domestic stock entities dropped to 16,592 last year from 16,935 previously.

The P39.17-billion deal of the Metro Pacific consortium for the development of Fort Bonifacio stood out as the main reason for the 114.3% leap in total investments. The consortium won the bidding in January of 1995.

Moreover, average inflation for 1995 was 8.1%, lower than the 9% registered the previous year. This encouraged more investments due to relatively lower production costs.

Almost half of the total investments were in the form of offset of liabilities amounting to P80.7 billion, P72.14 billion greater than the 1994 figure.

Offset of liabilities refer to transactions wherein a local borrower who has a deposit with the creditor bank uses his placement to offset his liability with the latter.

Of the total investments, cash inflows totalled P66.24 billion, a 72.2% uptick over the 1994 level.

The other components of total investments in the form of property, shares of stock, and stock dividends declined in minimal amounts last year.

Meanwhile, existing domestic stock enterprises contributed 83% to aggregate investments or P150 billion last year, almost tripled the previous year's level. Their number also increased by 40 to 1,259 in 1995.

On the other hand, the number of new domestic stock entities dropped to 15,333 from 15,716. However, capital infusions grew 33% to P29.95 billion last year.

On a monthly basis, the December 1995 investment performance was still better than the previous year. Although the number of new and existing domestic stock entities declined to 1,219 from 1,222, investments posted a 17.5% hike to P10.84 billion. Ongoing businesses contributed P5.99 billion while newly registered ones put in P4.85 billion.

Among newly registered corporations in December, Banco Santander Philippines, Inc. emerged as the biggest contributor of paid-up capital amounting to P1.25 billion. Intel Technology Phils., Inc. came out next with P975 million and Dao Heng Bank, Inc., P750 million.

By Industry [subhead]

By industry, financing, insurance, real estate, and business services in December accounted for 62.1% or P3.01 billion of aggregate capital investments of newly registered domestic stock corporations. The entry of Banco Santander and Dao Heng Bank were the main reasons why the sector cornered the lion's share. A total of P2 billion was contributed by the two commercial banks.

The manufacturing sector followed suit with P1.5 billion, and the wholesale and retail industry came out third with P160 million in new investments.

In terms of geographic distribution, Metro Manila again absorbed the bulk of new investments for December, accounting for P3.46 billion of the aggregate. Southern Tagalog received P1.28 billion and Ilocos, P60 million.

Thailand

Thai Air Force Chief on Possibility of Countertrade With U.S.

BK0904085396 Bangkok NAEON in Thai 9 Apr 96 p 9

[Unattributed report]

[FBIS Translated Text] Speaking to reporters before departing for Indonesia to attend the ceremonies marking the anniversary of the Indonesian Air Force, Air Chief

Marshal Siriphong Thongyai, the Air Force commander, said the Air Force has no problem using the countertrade system in weapons procurement. Thailand mainly buys weapons from the United States, however, and the United States is suffering from a trade deficit with Thailand. Therefore, the United States may refuse to buy goods under the countertrade system. We may have to hold talks first to see whether the United States will accept the countertrade system.

The Air Force commander also talked about the progress in procuring F-18 jet fighters. He said the Air Force has referred the matter to the Commerce Ministry for approval. The United States has sent us a letter of offer and acceptance, he said. He affirmed that the F-18 jet fighter deal will not aggravate the current account deficit as some have said.

Thai Official Opposes Immediate Use of Turtle Exclusion Device

BK0804052896 Bangkok MATICHON in Thai
3 Apr 96 p 7

[Unattributed report]

[FBIS Translated Text] Speaking after a meeting with representatives of the Foreign Trade Department and shrimp exporting firms on the export of shrimp to the United States, Fishery Department Director Plotprasop Surasawadi said that should the United States insist on using a turtle exclusion device to catch sea shrimp, the participants would convene a meeting of the Southeast Asia Fishery Development Council in Chiang Mai. On 28 March, the Fishery Department received a report from the U.S. Embassy that the U.S. Government's request to the court of international trade to postpone the use of the turtle exclusion device for one year, beginning 1 May, had been rejected. A 27 March report from the Thai commercial office in the United States says a decision has not yet been reached by a U.S. court, as it was pending public hearing and other steps. Since both reports are from official sources, the Fishery Department will wait before making any decision.

Plotprasop says a U.S. official informally asked him if, during the third week of April, he could observe shrimp farms, catching technique, canning plants, and Thailand's preparations toward the use of turtle exclusion device. The department is in the process of carrying out tests on its own exclusion device. The department also asked the Thai Fishermen Association to consult with its members at the meeting of the association on 3 April in Surat Thani.

Plotprasop said: "The department feels that burden of installing the exclusion device — cost and increased fuel consumption caused by slower boat speed — should

not have to be shouldered by fishermen. It believes it is not necessary at this time to force fishermen to use exclusion device."

Chali Wacharasathian, manager of Continental Pacific 1979 Company, said that as a representative of Association of Processed Food Producers, he hopes Thailand will be removed from the list of 56 countries that are banned from exporting shrimp to the United States. This is because the Fishery Department has already provided information showing Thailand's sea turtle conservation measures. Thailand is probably the only country to supply such information.

Chali said: "A U.S. import ban would cost Thailand about 5 billion baht a year. Some Thai firms would be forced out of business. In any event, increasingly stringent measures, such as hygiene conditions, have been imposed by the U.S. market. The import ban will cause a shortage, which will affect U.S. consumers. An association of marine product importers in the United States has reportedly appealed for relaxation of such stringent measures." He also said that if Thailand is removed from the banned country list it would be able to export more shrimp to the United States, because many of its competitors are on the ban list.

Thai Official on European Investment Plans in Asia

BK0804102596 Bangkok BANGKOK POST
in English 8 Apr 96 p 6

[Unattributed report]

[FBIS Transcribed Text] The European Union has urged businesses there to move into Asia in a bid to broaden their markets and create jobs for their workers, a senior official said yesterday.

The Foreign Ministry's Director-General for the Economic Department, Kopsak Chutikun, said the EU is facing unemployment and inflation problems which have been difficult to resolve so investment abroad would help alleviate them.

"The European Union is nudging its private sector to hurry to invest in Asia in order to increase the economic potential and create jobs for their workers they might be sent to work in Asia and could send back money to create jobs in their own country," he said.

Small and medium-sized companies especially are to be encouraged to invest in Asia.

The move is in response to a proposal during February's Bangkok Asia-Europe Meeting which sought to boost greater investment between Asia and Europe and vice versa.

The Thai-made proposal, the Asia-Europe Investment Promotion Action Plan, was for a working group including government and private sector representatives to be convened within six months.

The chairman's statement issued after the summit said such an Asia-European group should study the current situation and the potential for investment between the two continents.

Mr. Kopsak said the European side is enthusiastic to pave the way for its private sector to invest in Asia by conducting a 100-page study into European investment in Asia.

The Asian side is also to do its own report.

Mr. Kopsak and a representative from Italy were invited to Geneva last week to attend a European private sector meeting.

He went as Thai representative and chairman for the Asian side while the Italian official acted as chair for the European Union.

Mr. Kopsak quoted the EU representative as saying if its investors still do not dare to invest in Asia, they would loose out on the fastest growing region of the world.

The European Commission was also quoted as saying that if Europe's private sector just invested in their region, they would not be able to compete with other countries — especially the United States, Japan and South Korea.

"The Asian side under the United Nations Commission on Trade and Development's assistance will conduct a study of Asia's investment in Europe which has to be completed in June," he said.

The report would look at the needs, categories, obstacles and readiness for investment.

The Asian and European reports would be presented in the first meeting of the working group on the Asia-Europe Investment Promotion Action Plan on July 5-7 in Bangkok.

Representatives from governments and the private sector in each continent would be invited to attend the meeting, the director-general said.

He added: "The working group may propose the European Union Bank finance small and medium scale investment in Asia because the bank has never financed a European company to invest in Asia. It gives loans only to large scale industries."

Such a recommendation may be proposed to an informal meeting of senior officials on trade and investment in Brussels on July 25.

The second meeting of the working group on the Asia-Europe Investment Promotion Action Plan will be held in Bangkok in September and its outcome will be considered in the Asia-Europe Business Forum in France in November.

Mr. Kopsak said: "In the meeting both continents' private sectors will be invited to talk to seek ways to promote economic cooperation between the two regions."

The completed report will then be sent to Prime Minister Banhan Sinlapa-acha, who chaired February's Asia-Europe meeting, in December before being sent to the 25 leaders of Asia-Europe countries.

Thai Article Praises Prime Minister's PRC Visit

BK0804133496 Bangkok XING XIAN RIBAO
in Chinese 30 Mar 96 p 8

[Article by Liu Yintong: "Banhan Carries the Cause Forward and Forges Ahead Into the Future"]

[FBIS Translated Text] Prime Minister Banhan Sinlapa-acha completed his friendly visit to China and returned in triumph last night.

During his trip to China, the prime minister visited Beijing, Xian, Shanghai, and Shantou. In Beijing, the prime minister was received by such Chinese leaders as President Jiang Zemin; Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC]; and Premier Li Peng. He then toured Shanxi Province, Shanghai, and Shantou.

China and Thailand have longstanding trade relations that date back to the Sukhothai period. Our close trade and investment relations exemplify the political and economic cooperation between the two countries that has flourished since time immemorial.

In politics, Banhan's trip strengthened Thailand's role in the international arena. Thailand agreed with China's three-point plan to solve the problem in the Taiwan Straits — reunification through peaceful means; one China, two systems; and solving problems through negotiations. In addition, Thailand expressed its wish to see a peaceful settlement to the dispute over the Spratly Islands without the use of force.

Besides signing an agreement to set up a consulate general in Shanghai, the prime minister spent most of his time observing the investments and operations of Thai entrepreneurs in China and keeping abreast of China's economic development.

The prime minister stressed before his visit that his trip was aimed at strengthening the close relations between

the two countries. The inclusion of businessmen among his delegation was aimed at exploring more investment cooperation and solving problems. All in all, there were three important goals for the prime minister's visit to China — to strengthen bilateral relations, strengthen relations between the Thai Government and transnational entrepreneurs, and help solve problems and obstacles facing Thai entrepreneurs.

After Beijing, Shanxi, and Shanghai, Prime Minister Banhan presided over the opening of Bangkok Bank's branch in Shantou. Banhan's meetings with Chinese leaders including President Jiang Zemin, Premier Li Peng, CPPCC Chairman Li Ruihuan, and local leaders achieved a certain degree of success. In particular, the visit helped develop and promote trade and investment relations between the two countries.

The prime minister's visit to China focussed on trade relations, including his inspection of economic development in Shanghai. Meanwhile, Deputy Prime Minister Amnuai Wirawan, who is in charge of economic affairs, studied China's economic laws and Thai investment in China during the visit. In an era in which economics surpasses all, the prime minister's visit to China was well worth while.

Thailand: Joint Exercise With Malaysian Navy Ends

BK0904024896 Bangkok MATICHON in Thai
7 Apr 96 p 10

[Unattributed report]

[FBIS Translated Text] Vice Admiral Samran Amsamang, commander of the Third Regional Fleet, and Brigadier General Mat Radi bin Abu Samah, commander of the First Naval Region of Malaysia's Pahang State, jointly presided over a ceremony at the Thawon Grand Plaza Hotel in Phuket on 6 April to mark the closing of the Thai-Malaysian joint naval exercise.

Vice Adm. Samran said that the Thai-Malaysian joint naval exercise was held between the navies and marine police of the two countries from 30 March to 6 April. The naval exercise was aimed at strengthening friendship between the navies and marine police of the two countries and at enhancing cooperation from the commander to the crew level. The joint exercise was conducted in Malaysia at the Lumut Naval Base in Perak. The Thai side sent three ships with 100 crewmen led by Sub-Lieutenant Kriangkrai Anantasat to participate in the exercise. Malaysia sent four ships with 100 crewmen under the leadership of Lieutenant Colonel Musa.

Brigadier General Mat Radi bin Abu Samah said that the exercise had strengthened cooperation between the navies and marine police of the two countries, which will pave the way for cooperation in other areas in the near future. He said that the fishing problem is a longstanding issue that may have an impact on bilateral relations. He did not want to comment on the issue because it belongs at the governmental level. He did not want to interfere in the matter but believed that things would improve at the operational level.

Thai Envoy to WTO Plans Early Retirement; Implications Viewed

BK0904025096 Bangkok THAN SETTHAKIT in Thai
6-9 Apr 96 p 4

[FBIS Translated Text] According to a Commerce Ministry source, Danai Dulalampha, Thai permanent representative to the World Trade Organization, intends to resign from his post in June. This will leave vacant his position as chairman of the WTO Agricultural Committee. Out of good etiquette, Thailand may have to give a representative from Uruguay, Argentina, or Canada a chance to occupy the post.

The source said no official has been considered as a replacement for Danai. Danai's post is very important to Thailand. His replacement must be knowledgeable in international trade. The person must also be acceptable to the WTO.

The source said: "Danai consulted Somphon Kiatphai-bun, the permanent secretary for commerce, about his resignation. He reasons that he is due to retire at the end of September, but wants to retire early to give his replacement time to prepare for the WTO ministerial meeting in December. Danai also has health problems."

According to the source, Danai has created a good image for Thailand and has gained acceptance in international trade circles and the political arena. This was made evident when the members of the Agricultural Committee — Australia, New Zealand, Japan, the United States, Canada, Korea, the EU, Argentina, and Switzerland — agreed to extend Danai's chairmanship of the Agricultural Committee for another term, through April 1997. This is a rare honor.

In any event, the person who replaces Danai as Thai envoy to the WTO could be elected chairman of the Agricultural Committee if he gains the acceptance of the nine-member committee. Agricultural market access is now affected by the failure of several countries to comply with the agreement. Therefore, whoever oversees compliance and mediates agricultural disputes should have continuous experience in such tasks. The

candidates who are campaigning for the job are the representatives from Uruguay, Argentina, and Canada.

Thailand: Bank Official on IMF View of Economy
BK0804102996 Bangkok BUSINESS DAY in English
 8 Apr 96 p 1

[Report by "staff writer"]

[FBIS Transcribed Text] The International Monetary Fund (IMF) has stated that Thailand's current account deficit is not an indication of economic crisis but one of rapid expansion of the economy, according to Chaiwat Wibunsawat, deputy governor at the Bank of Thailand (BOT).

The central bank and the IMF between late last month and early this month held an annual consultation on Thailand's economy. The IMF then revealed its analysis on the economy as follows.

The country's current account deficit is at a high level but remains manageable. The deficit is attributed to huge investment in the country, not domestic spending on consumption, he said.

The country's sound economy is evidenced by healthy growth of exports and strong fiscal status which has been in surplus for many years, Mr. Chaiwat said.

According to IMF analysis, Thailand's economy will continue to grow at a high rate.

It will grow at a rate of 8 percent in the next two or three years slowing to 7-7.5 percent for the ensuing four to five years.

The IMF also forecast that the average inflation rate of roughly 6.2 percent in the last 12 months will decline to close to 5 percent during this year, he said.

To reduce the current account deficit, he said, the IMF suggested that the BOT practice both monetary and fiscal restraint.

Fiscal policies should involve revision of the country's tax structure while monetary policy should entail that the strict measures are implemented to slow foreign capital inflow.

Mr. Chaiwat also quoted the analysis as saying that Thailand's policy on currency exchange is appropriate and supportive for exports.

It would be premature for Thailand to let the baht float freely and the IMF did not suggest that Thailand devalue the baht, he said.

At present, Thailand is using the currency basket system to determine the baht value.

However, the IMF suggested that the central bank may have to revise the baht formula in accordance with the situation. When the country's economy is developed up to a certain level, the baht may have to float in order to maintain its competitiveness, he said.

A floating currency would enable the central bank to effectively adjust its policies according to changes in global financial markets. Mr. Chaiwat said the suggestions are in line with BOT policy, which has been adhered to.

Thailand: Burma Wants To Open Border Crossing To Relieve Shortages

BK0804053996 Bangkok KRUNGTHEP THURAKIT
 in Thai 7 Apr 96 p 2

[FBIS Translated Excerpt] Mae Hong Son — A source has disclosed that Burmese officials stationed in Ho Mong, opposite Mae Hong Son Province, recently sent senior representatives to ask Mae Hong Son provincial officials to reopen the border crossing point at Ban Huai Phung, Tambon Huai Pha in Muang District of Mae Hong Son. The source said: "A reopening of the border crossing point is expected in early May. The Burmese representatives want the Thai side to reopen the border crossing point as soon as possible to relieve shortages of many goods, including rice, fuel, cooking oil, and clothes."

According to the source, the Burmese representatives informed the Thai side that they have carried out the necessary preparations to reopen the border crossing point. Burmese customs officials have been sent to the inspection post near the border crossing point at Ban Huai Phung for the reopening.

Thai officials have met regarding the reopening of the border crossing point. There is a 90 percent chance of a reopening. Burmese and Thai officials may meet again to discuss the issue in late April during a sports event held in Ho Mong in Shan State to strengthen ties between Mae Hong Son Province and Shan State. [passage omitted]

Thailand: Burma Agrees To Grant Amnesty to Prisoners

BK0904084896 Bangkok Radio Thailand Network
 in English 0000 GMT 9 Apr 96

[FBIS Transcribed Text] The Myanmar [Burmese] Government has agreed to release 100 Thais imprisoned in Myanmar in response to the request of Prime Minister Banhan Sinlapa-acha when he visited that country recently. Deputy Permanent Secretary for Foreign Affairs Sarot Chawanawirat said the Ministry of Foreign

Affairs had been notified by his counterpart in Yangon [Rangoon] that Thai prisoners have been selected for amnesty and their release is expected before the Songkran festival, also observed as new year in Myanmar.

Prime Minister Banhan Sinlapa-acha, during his visit to Myanmar last month, asked Myanmar leaders to consider releasing imprisoned Thais as a tribute to the golden jubilee of his majesty the king's reign.

Thailand: Cambodian Minister Says Border Checkpoints To Open 'Soon'

BK0804041296 Bangkok Radio Thailand Network
in English 0000 GMT 7 Apr 96

[FBIS Transcribed Text] Cambodian Foreign Minister Ing Huot believes that border checkpoints along the Thai-Cambodian common border can be opened as soon as the Cambodian Government forces have captured 90 percent of the areas occupied by the Khmer Rouge. The Cambodian foreign minister, who has just concluded his two-day official visit to Thailand, said efforts to open the border checkpoints were hampered by Khmer Rouge troops; however, he believed that the Khmer Rouge troops would be disbanded soon. The three border checkpoints to be opened are located in Sa Kaeo, Trat, and Surin Provinces on the Thai side. The Cambodian foreign minister said both Thai and Cambodian authorities should step up security measures along the border after the opening of the three checkpoints.

The Cambodian foreign minister has recently submitted his country's formal application for full membership of the Association of Southeast Asian Nations, ASEAN, to Indonesian Foreign Minister Ali Alatas, who serves as chairman of the ASEAN Steering Committee. Thailand supports Cambodia to be a full member of ASEAN in 1997.

Thai Defense Minister on Countertrade for Weapons Procurement

BK0804042296 Bangkok Thai Color Television
Channel 9 in Thai 1200 GMT 7 Apr 96

[FBIS Translated Text] The Defense Minister has said the military will use the countertrade system in weapons procurement to help solve the current account deficit problem. During an interview on the occasion of the Defense Ministry's 8 April anniversary, General Chawalit Yongchaiyut, deputy prime minister and defense minister, said the military's weapons procurement amounts to only 2.1 percent of GDP, the smallest among countries in the region. He said the military will not tap the main budget because they understand that the money

must be spent on education and necessary infrastructure projects. He has instructed the military to use countertrade to help ease the current account deficit problem:

[Begin Chawalit recording] I have stressed that countertrade must be carried out on a 100 percent basis. This means that they must buy 10 billion baht worth of goods from us if we buy 10 billion baht worth of weapons from them. If we do not have goods to sell to them, then the amount they must buy from us can be reduced to 6 or 8 billion baht.

In addition to the countertrade system, the offset program is also being introduced. This may be difficult for you to understand. When we buy an expensive product from them, they must transfer the technology or set up a factory to produce spare parts for that product in our country. Later, they buy spare parts from the factory if they want to sell the product to other countries. For example, when the Spanish company CASA sold aircraft to Indonesia, Indonesia carried out an offset program by setting up a CASA factory to produce wings for the aircraft. Spain must use the wings from this company when it sells the aircraft to others. This is called an offset program.

In weapons procurement in the current situation, the countertrade system is the most important factor in preventing a current account deficit. [end recording]

Gen. Chawalit reaffirmed the importance of the military having a satellite project because it will give the military new technology to compensate for its lower personnel budget. The Defense Ministry has a plan to reduce gradually its spending on military personnel.

Commenting on the limited budget for the military's weapons procurement, Navy commander Admiral Prachet Siridet said the Navy will prioritize each weapons purchase to follow government policy. It is now gathering opinions to map out its plan as best as possible.

Thai Spokesman Denies Blaming Military for Current Deficit

BK0804042196 Bangkok THE SUNDAY POST
in English 7 Apr 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Government spokesman Somsak Pritsanananthakun yesterday denied he had accused the military of being responsible for the current account deficit through its spending on arms procurement.

Mr Somsak was reported on Thursday as having quoted Prime Minister Banhan Sinlapa-acha as saying the military might be asked to review its spending plan

or the Government may not approve it considering the account deficit.

According to Mr Somsak, he merely said the military's arms spending had been mentioned among key Chat Thai Party members as one of the many causes of the current account deficit.

It was also discussed during a meeting on Wednesday at the premier's house that the armed forces should increase coordination in preparing procurement plans and prioritise all the proposed purchases, he said.

He said he had no intention of spoiling the military's image but only wanted to see all parties, including the private sector, state agencies and the armed forces, to lend a hand in attempting to reduce the deficit.

The premier on Friday denied the report, saying he was misquoted by Mr Somsak.

Thai Supreme Commander 'Doubts' Opposition Censure of Chawalit

BK0804041996 Bangkok THE SUNDAY POST in English 7 Apr 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Supreme Commander Wirot Saengsanit yesterday said he doubted the Opposition would find any issue on which to censure Defence Minister Chawalit Yongchaiyut in the upcoming no-confidence debate.

There have been reports the Opposition might censure the Defence Ministry's plans to spend a huge sum of money on new arms procurement projects for the armed forces.

Gen Wirot said Gen Chawalit has not made any mistakes in his work and he doubts the Opposition would have anything with which to target him.

"The military could not spend money to buy weapons at their own will," Gen Wirot said.

"Their procurement plans have to be approved by the Government first before they can buy anything."

Gen Wirot, who left for the United States yesterday to take a look at American armaments, said when Gen Chawalit took office in July last year the defence minister used the budget left over from the last administration to run the ministry.

The Government this year has been allocated all additional budget of around 10 billion baht and only 40 million baht was designated for the defence ministry.

"Gen Chawalit has only used this 40 million baht since he took office," Gen Wirot said.

"No approval has been given to new projects which have been initiated by the defence minister."

Chat Phatthana Party secretary-general Suwat Lipataphanlop yesterday said the Opposition would decide during a meeting in Nakhon Ratchasima today whether the defence minister would be included in the censure motion.

The debate is provisionally set for May 7-9.

During a recent meeting of key opposition members the country's current account deficit was raised for discussion and it was felt the economy would be affected if the defence ministry went ahead with its plan to procure new weapons in the next fiscal year, he said.

Mr Suwat said not more than 10 Cabinet members would be censured in the no-confidence motion.

"We already have seven ministers on the censure list and a few more might be added," said Mr Suwat.

In a related development, Cabinet Secretary-General Witsanu Khrua-ngam said by next week he could send the navy's procurement plan for two diesel attack submarines back to the defence minister for further consideration to see whether or not it should be forwarded to the Cabinet.

Mr Witsanu said he had already compiled opinions and comments from related agencies over the navy's proposal to buy the submarines, worth around 17 billion baht.

Mr Witsanu said there were reservations from some related agencies over the proposal.

However, he added that details given to the agencies by the defence ministry were insufficient.

Mr Witsanu said some information considered essential by certain agencies had not been provided by the defence ministry. He did not elaborate.

One informed political source said it was likely the navy's plan to procure the submarines might be shelved for another year.

Thailand: Chawalit Says Party Not To 'Blindly' Support Coalition

BK0804041896 Bangkok THE SUNDAY POST in English 7 Apr 96 p 1

[Unattributed report]

[FBIS Transcribed Text] The New Aspiration Party [NAP] MPs will not blindly vote in support of ministers from other coalition parties grilled by the Opposition

in the no-confidence debate next month, leader Gen Chawalit Yongchaiyut said.

His party would carefully weigh the evidence presented by the Opposition and the arguments put forward by the censured ministers before deciding whether to give individual ministers a vote of confidence, he said.

"There are 24 hours after the censure debate for consideration before the casting of votes," said Gen Chawalit, who is a deputy prime minister.

He said there had been no major conflicts over policy among coalition parties during the past eight months.

"We are still on good talking terms although we do not agree with one another on all issues," he said.

"And the issues upon which we disagree are not critical."

Gen Chawalit referred back to his strong objections against amendments to articles 198-199 proposed by the Democrats.

It eventually led to NAP's withdrawal from the Democrat-led coalition government in 1994.

He said: "We are still fully supportive of the Government because we do not think the issues upon which there are conflicting opinions are critical. Besides, there is no evidence showing the Government is corrupt."

"But for the future we do not know. If we cannot vote in favour of some ministers, then we will inform them in advance as we did in the case of amendments to articles 198-199."

He said his party could decide how to vote after the debate, which is tentatively scheduled for May 7-9.

"We will never betray (our coalition parties)," he said.

"If we cannot give our votes, then we will say so straightforwardly."

The Opposition has so far targeted PM and Interior Minister Banhan Sinlapa-acha, Finance Minister Surakiat Sathianthai and Deputy Interior Minister Suchai Tancharoen for censure.

More ministers are expected to be included in the list.

The Opposition has planned to grill Mr Banhan over alleged plagiarism in his Master's Degree thesis.

On this issue, Gen Chawalit said up to now it had not been proven beyond doubt Mr Banhan's thesis was a duplication of another research paper of the Interior Ministry's Damrong Rachanuphap Institute.

Too much attention had been given to personal affairs, he said. The focus should instead be on an individual's

ability to administer the country and bring about national prosperity.

Asked about the Opposition's allegations against Mr Suchai regarding his occupation of land in Samet island in Chumphon and in Nong Khai, Gen Chawalit admitted he also found something "strange" about the land deals.

Both Mr Suchai and Mr Banhan have denied any wrongdoing.

Gen Chawalit was evasive when asked whether the Government would survive the upcoming censure debate or not.

But he said it was unfortunate too much attention had been given to corruption allegations while overlooking more important issues like whether or not the Government has done a good job for the interests of the country.

Thai Defense Minister Denounces Arms Purchase Critics

BK0904065996 Bangkok THE NATION in English
9 Apr 96 p A1

[Unattributed report]

[FBIS Transcribed Text] Defence Minister Chawalit Yongchaiyut yesterday blew his top after repeated questions linking the current national deficit to arms spending. The New Aspiration Party leader aimed his fury at reporters who asked for comments and at Chat Phatthana Party leader Chatchai Chunhawan, the latest politician to bring up weapons purchases.

"Arms acquisitions are an internal affair of the military. Outsiders stay away. It's not right for them to get involved," Chawalit burst out. He frowned and raised his voice to a reporter who asked about the financial source for his ambitious Bt [baht] 26- billion 'Star of Siam' defence satellite project.

"Why do you want to interfere in this issue? Leave us alone. Don't pay attention to this matter because I would pay for the project if I had the money. But I don't, so I won't be able to and that's that."

Arms spending has become a hot topic following last week's revelation by government spokesman Somsak Pritsanananthakun that the armed forces had been asked to compile a list of top priority projects in the wake of the current deficit. The armed forces were not directly blamed, but Somsak's comments were interpreted by the mass media as meaning arms purchases are seen as the main cause of the deficit.

The media interpretation, backed by comments from opposition politicians and academics, led to angry outbursts from several senior military officers.

Chatchai on Saturday directly blamed arms spending for the deficit, saying the cost of each military project was very high.

"The current deficit has been a problem for years, since the Chatchai government. The deficit did not just appear when this government took office," Chawalit said.

"Arms spending amounted to only a few billion baht while the deficit is some B1400 billion." The defence minister said the deficit was caused by several factors, including variations in exchange rates and foreign investment. "We used to get 17 per cent of the national budget. Now, we get only seven per cent but we do not complain. We did not use other people's money for arms purchases, but spent our own budget," Chawalit said.

Air Force Commander Siriphong Thongyai said the Air Force's planned purchase of F-18 fighters had nothing to do with the country's current account deficit, and that the Air Force would acquire them on a counter-trade basis.

Thai Defense Minister Views Commercial Side of Satellite Project

*BK0904052996 Bangkok BANGKOK POST
in English 9 Apr 96 p 1*

[Report by Watsana Nanuam]

[FBIS Transcribed Text] Defence Minister Chawalit Yongchaiyut has transferred the 28-billion-baht satellite project to his own team and has started to emphasise its commercial potential.

Gen. Chawalit has appointed Gen. Phat Akkhanibut, his adviser, to head a panel to take over the project from the Defence Technology and Telecommunications Centre.

The move was said to have caught Defence permanent secretary Phaibun Emphan by surprise because the centre was formed last year to study and implement the so-called Star of Siam project.

"Gen. Phaibun was taken aback at the decision to form a new panel to study a project initially intended for military use," said a source. "There is a strong possibility Gen. Chawalit plans to open the system for civilian purposes."

Criticism from fellow politicians on both sides of the House and taxpayers may have prompted Gen. Chawalit to jettison the original concept and move towards seeking private sector participation to bring costs down.

According to the centre Star of Siam, which will cost up to 28 billion baht, involves launching two satellites,

building two master control stations and a suite of fixed and mobile ground terminals.

The in-orbit satellite will cover a one-third of the earth's surface, taking in the ASEAN region, the Indian Ocean and the Western Pacific.

Centre director AM [Air Marshal] Wira Kanhasiri had said the cost would be high because the ministry would have to fund the launch and build the control stations to receive and transmit signals.

"Gen. Chawalit's idea is that the system will not be solely used by the military," said the source. "The private sector can also ask for its services. Under the new initiative, the project will be cheaper as the taxpayer will not have to invest in the construction of ground stations."

Gen. Chawalit was irritated when asked how the project would be funded and could not understand the degree of interest in the funding aspect. The system could not start if the Government had no money, he said.

Military spending plans which include Star of Siam, F/A-18 fighter jets and diesel-powered submarines, have raised widespread concerns about the use of taxpayers' money and the current account deficit.

Gen. Chawalit said procurements could be made on a counter trade basis to ease the deficit. Speaking at a ceremony to mark the ministry's 109th anniversary, he said the military only accounted for a "few billion baht" of last year's 335,700-million-baht deficit.

The military spending target of seven percent of gross domestic product was in line with the armed forces' development plan, he said. Expenditure would be within the budget, he said, telling outsiders not to interfere.

"This is a military affair and there should be no outside interference. Anyone who wants to interfere should refrain from doing so. They can interfere on other matters but not this because the money is from our own pockets," said Gen. Chawalit.

It would be unacceptable if the armed forces were not allowed to use their own money to buy arms deemed necessary for national security.

Apart from Gen. Phat, the new panel comprises Gen. Yutthasak Sasiprapa, director-general of the ministry's Office of Policy and Planning, and Lt. Gen. Montr Suphaphon, of Gen. Chawalit's staff.

Thai Prime Minister Urged To Appoint New Head of Drug Probe Team

BK0904054396 Bangkok BANGKOK POST
in English 9 Apr 96 p 1

[Unattributed report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha must either appoint a new chairman of the public hearing committee probing US drug trafficking charges against Thai politicians or abolish it, a member said yesterday.

According to Charan Phakdithanakun, secretary-general of the Office of Judicial Affairs, Thanat Khoman's resignation as chairman of the panel has caused the committee's work to be suspended.

Since late last year when Mr. Thanat quit the panel, its members have never met as the authority to call meetings rests with the chairman.

Mr. Thanat resigned from the 12-man public hearing committee following allegations that it was a political tool of the Government.

The panel was set up last September by Prime Minister Banhan Sinlapa-acha to look into the drugs allegations against Chat Thai Party deputy leader Watthana Atsawahem and executive member Narong Wongwan.

Mr. Charan said he wanted the prime minister to appoint a new chairman so the panel could continue with its work.

"If the premier chooses not to appoint another chairman, he should abolish the committee because there is no use in it carrying on like this," he said.

He admitted most members felt the committee had progressed slowly in its work during the past six months since its establishment to look into complaints made by Mr. Watthana and Mr. Narong.

Besides, he said, the panel has never received reports from any of its sub-committees.

According to Mr. Charan the prime minister himself has never paid attention to the committee's work.

A committee source, meanwhile, said many panel members felt uneasy about their involvement in such an "embarrassing" situation whereby the premier, they believed, did not want to find a new panel chairman for fear of criticism that he was attempting to "clean" the reputations of Mr. Watthana and Mr. Narong.

Earlier, before Mr. Thanat resigned from the panel, another member Banyat Suchiwa, the Judicial Commission member, also resigned from the public hearing committee.

He did so on the grounds that the work could compromise his duties at the commission and as an advisor to the Supreme Court.

Thailand: Sixty-Nine General-Rank Officers Take Early Retirement

BK0804053496 Bangkok SIAM RAT SAPDA WICHAN
in Thai 7-13 Apr 96 p 17

[Unattributed report]

[FBIS Translated Text] On 29 March Defense Minister General Chawalit Yongchaiyut signed order no. 239/1996 regarding the resignation of military officers, effective 1 April, in the following units:

Office of the Defense Permanent Secretary

1. Lieutenant General Somphot Bunyaratnaphalin, 2. Lt. Gen. Saengsak Mangkhalasiri, 3. Major General Somphong Bunyasirikun, 4. Air Vice Marshal Chitwong Sisomphong, 5. Rear Admiral Suriya Siphairo, 6. Maj. Gen. Surasak Sonsu, and 7. Maj. Gen. Chumphon Anantasurakat.

Supreme Command Headquarters

1. Lt. Gen. Sawaeng Phaen-ngoen, 2. Lt. Gen. Phanlop Pinmani, 3. Lt. Gen. Bowon Ngamkasem, 4. Lt. Gen. Thawi Banlusin, 5. Maj. Gen. Chaiwat Nakwanit, 6. Maj. Gen. Suchin Sukmun, 7. Maj. Gen. Puk Detchanchai, 8. Maj. Gen. Prakop Amphansaeng, 9. Maj. Gen. Kowit Phathamayon, 10. Maj. Gen. Sano Khumsanit, 11. Rear Admiral Kosin Photchanat, 12. Maj. Gen. Bunkri Chaemchoi, 13. Maj. Gen. Bunkhum Yingwiriya, 14. Maj. Gen. Samroeng Chanrukkha Photchanat, and 15. Maj. Gen. Sunthon Bunsila.

The Army

1. Lt. Gen. Pricha Iamsuphan, 2. Maj. Gen. Chumphon Rotchanapradit, 3. Maj. Gen. Chaloechai Hiranat, 4. Maj. Gen. Sakan Mitkasem, 5. Maj. Gen. Prachuap Sanit, 6. Maj. Gen. Akkhadet Kanitthanon, 7. Maj. Gen. Barrung Chaikan, 8. Maj. Gen. Thatsanai Prachanarong, 9. Maj. Gen. Thawatchai Suwannakhin, 10. Maj. Gen. Kasem Singhasut, 11. Maj. Gen. Phira Lilasiri, 12. Maj. Gen. Pradit Phutphon, 13. Maj. Gen. Phunsuk Phisutthanon, 14. Maj. Gen. Prinya Charanyanon, 15. Maj. Gen. Wichian Loetchanphen, 16. Maj. Gen. Somchit Bunyasap, 17. Maj. Gen. Pricha Sinharat, 18. Maj. Gen. Sawat Rumratana, 19. Maj. Gen. Phrut Tinawet, 20. Maj. Gen. Uthai Intharakamhaeng, 21. Maj. Gen. Sombat Manawakun, 22. Maj. Gen. Wisit Wekchailikanon, 23. Maj. Gen. Kitti Songsunthon, 24. Maj. Gen. Udon Sunthonwiphak, 25. Maj. Gen. Yunyong Watthanawikon, and 26. Maj. Gen. Chin Sitthiwan.

The Navy

1. Vice Admiral Kamchat Siarun, 2. Rear Admiral Prasan Chantharatsami, 3. Rear Admiral Somphun Sunthongket, 4. Rear Admiral Khomsak Chunksian, 5. Rear Admiral Sa-an Wanprasoe, 6. Rear Admiral Thawiphon Kalong, 7. Rear Admiral Phitthaya Suphamongkhon, 8. Rear Admiral Thanachai Banrunghian, and 9. Rear Admiral Kiatphong Phimchaisai.

The Air Force

1. Air Marshal Wira Siprasoe, 2. Air Marshal Damrong Khongsathian, 3. Air Marshal Bunchan Phantawong, 4. Air Marshal Chan Thirasawat, 5. Air Marshal Sopon Wibunphanit, 6. Air Vice Marshal Pricha Thimwiphak, 7. Air Vice Marshal Phamon Raksitanon, 8. Air Vice Marshal Sombun Champha, 9. Air Vice Marshal Chaloechai Bunset, 10. Air Vice Marshal Prathuang Pinsakun, 11. Air Vice Marshal Suphot Lohithan, and 12. Air Vice Marshal Suthep Nakngam.

A total of 69 general-rank officers resigned in Defense Minister Gen. Chawalit's program. These officers include Lt. Gen. Phanlop Pinmani, Lt. Gen. Bowon Ngamkasem, Lt. Gen. Saengsak Mangkhasiri, and Maj. Gen. Sakan Mitkasem, who belonged to Royal Chulachomklao Military Academy class 7, who were prominent members of a failed coup some years ago.

Vietnam

SRV Commentary Previews Ukrainian President's Visit

BK0604161196 Hanoi Voice of Vietnam in English 1000 GMT 2 Apr 96

[Station commentary]

[FBIS Transcribed Text] Ukrainian President Kuchma begins a two-day official visit to Vietnam this Sunday. It will be the first visit of a Ukrainian leader to Vietnam since the country declared independence in August 1991. Our radio editor comments:

Ukraine is the second most powerful republic in the Commonwealth of Independence States after Russia. The political situation in Ukraine has been stable for two years. While shifting over to the market economy, the country has diversified its foreign policy, attaching greater importance to developing relations with other CIS members, East European countries, and paying more attention to expanding relations with Asian countries including Vietnam.

The coming visit by President Kuchma is to express this adjustment policy of Ukraine. Vietnam is one of the first countries to recognize independence of Ukraine, setting

up diplomatic relations in 1992. The two countries have signed many agreements on cooperation in economics, trade, navigation, aviation, posts and telecommunications, investment, culture, and education. Many other positive activities included the setting up of an inter-governmental committee for economic, trade, and scientific activity cooperation, which held its first session in Hanoi. Ukraine is preparing to set up an embassy in Hanoi.

However, the cooperation structure as well as trade between the two countries remain modest; in 1994, trade worth only \$16 million. Ukraine wants to promote cooperation with Vietnam in energy; processing of rubber, tea, and coffee; repair and building of ships and seaports. These issues will be discussed in the coming visit to Vietnam by the Ukrainian president.

SRV: Ukrainian President Arrives for Talks; Agreements Signed

BK0804104696 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 8 Apr 96

[FBIS Translated Text] As already reported, His Excellency Leonid Kuchma, president of the Republic of Ukraine, and his wife have arrived in Hanoi for an official friendship visit to our country at the invitation of President Le Duc Anh.

A solemn state ceremony was held at the Presidential Palace Square this morning to officially welcome President Kuchma and the distinguished Ukrainian guests. Immediately after the welcoming ceremony, President Le Duc Anh cordially received President Kuchma and his wife and entourage at the Presidential Palace. Afterward, President Le Duc Anh held talks with President Kuchma. Also attending the talks on the Vietnamese side were Foreign Minister Nguyen Manh Cam, Vietnamese Ambassador to Ukraine Truong Tung, and a number of other Vietnamese ministers and deputy ministers.

The two sides signed cooperation agreements following the talks. President Le Duc Anh and President Kuchma signed the agreement on the principles governing bilateral cooperation. Foreign Minister Nguyen Manh Cam and Ukrainian Foreign Minister Hennadiy Udoenko signed an agreement on scientific and technological cooperation and an agreement on avoidance of double taxation and on prevention of income and property tax evasion. Tran Dinh Hoan, minister of labor, war invalids, and social welfare, and Ukrainian Labor Minister (Pavsovyh) signed an agreement on employment and social security for Vietnamese and Ukrainian citizens.

SRV: Le Duc Anh, Ukrainian President Hold Talks
*BK0804160796 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 8 Apr 96*

[Report by Huy Toan]

[FBIS Translated Text] A solemn reception for visiting Ukrainian President Kuchma was held at the Presidential Palace at 0900 today with the formalities of a reception for state leaders. After the national anthems of the two countries were played, President Kuchma was invited by President Le Duc Anh to review a Vietnam People's Army honor guard and then was introduced to Deputy Prime Minister Nguyen Khanh, Foreign Minister Nguyen Manh Cam, Presidential Office head Nguyen Viet Dung, Hanoi People's Committee Chairman Hoang Van Nghien and many other ministers and high-ranking officials. Vietnamese girls presented many bouquets of fresh flowers to the Ukrainian president and his wife.

Following the reception, President Le Duc Anh warmly received Ukrainian President Kuchma, his wife, and other members of the entourage in the grand hall of the Presidential Palace. At the meeting, President Le Duc Anh welcomed the president, his wife, and the high-level Ukrainian delegation, guests who bring to Vietnam the fine sentiments of a brotherly country that has helped Vietnam in its national liberation war. President Le Duc Anh stressed that Vietnam and Ukraine have had a long traditional friendship, and the two peoples deeply understand each other. He highly valued Ukrainian's important support for Vietnam, especially for having trained thousands of university and post-university Vietnamese cadres, who now constitute valuable assets in the country's renovation undertaking.

President Le Duc Anh briefed President Kuchma on the new socioeconomic development stage 10 years after implementing the renovation policy and stressed that the firm maintenance of political stability is a solid foundation for Vietnam to complete the renovation successfully and to accelerate the annual rate of economic growth. President Le Duc Anh said that, with Vietnam's open foreign policy, it is certain that this visit by President Kuchma, his wife, and the delegation will serve as the foundation for the consolidation and expansion of the friendly relations between the two countries and the opening of a new period in relations and cooperation that corresponds to the potential and strength of each country in the interests of the two peoples.

President Kuchma expressed his delight for the chance to visit Vietnam and thanked President Le Duc Anh for the information on the renovation and the Vietnamese people's achievement in their renovation undertaking. The president asserted that the Ukrainian people, both

in the past and at present, continuously follow each of Vietnam's development steps and expects to learn through this visit the valuable experience of Vietnam's success at renovating the country.

President Kuchma pointed out that the visit by the Ukrainian delegation is to create conditions for the two countries to restore and develop the traditional relations between the two countries. With a neutral foreign policy, Ukraine does not interfere into other countries' internal affairs and only wishes to come to study to possibilities for cooperation in the interests of both peoples. President Kuchma welcomed Vietnam joining ASEAN and expanding cooperative relations with countries in the region and the world. That is also another condition for Ukraine and Vietnam to further develop cooperative relations.

President Le Duc Anh next held a conference with President Kuchma. Also attending the conference on the Vietnamese side were Foreign Minister Nguyen Manh Cam; Tran Dinh Hoan, minister for labor, war invalids and social welfare; Dang Huu, minister for science, technology, and environment; Vietnamese Ambassador to Ukraine Truong Tung; Senior Lieutenant General Dao Dinh Luyen, deputy national defense minister; and some other officials.

Speaking on this occasion, President Le Duc Anh said:

[Begin Le Duc Anh recording] Once again, I would like to warmly welcome the official friendship visit to Vietnam by His Excellency President Kuchma, his wife, and the distinguished Ukrainian guests. This first visit to Vietnam by His Excellency the President is a vivid manifestation of the traditional friendly and cooperative ties that have bound our two countries together. This visit is also an indication of our common desire and determination to strengthen and develop bilateral ties to serve the interests of our two peoples. I am positive that this visit by His Excellency the President will end in success and create conditions for further promoting the multifaceted cooperation between Vietnam and Ukraine.

First, I would like to inform his Excellency the President of the situation in Vietnam. We have continued the renovation process for 10 years now and have scored great achievements, thus creating important premises for concentrating efforts on leading our country to the industrialization and modernization stage, which is designed to improve our people's living standards. [end recording]

President Le Duc Anh next reiterated the Vietnamese people's determination to develop a spirit of self-sufficiency and self-help and to carry on the renovation process to make the people rich and the country

powerful and to bring about justice and civilization in society. In particular, he pointed out that the upcoming eighth national congress of the Communist Party of Vietnam would be a great political event because it will create new prospects for Vietnam to enter the industrialization and modernization stage.

Amid an atmosphere of friendship and mutual understanding, President Le Duc Anh exchanged views on the orientations and steps to further promote the multifaceted cooperation between the two countries, particularly in the areas of energy, metallurgy, mineral exploitation, education, public health, tourism, and sports.

Expressing his views at the talks, President Kuchma said:

[Begin Kuchma recording, in Ukrainian with superimposed Vietnamese translation] I would like to thank His Excellency the President for his detailed information. I am very delighted to know His Excellency the President, whose career and name are closely linked with Vietnam's achievements both at home and abroad, particularly with his efforts to improve the Vietnamese people's living standards. Your information on Vietnam's economic achievements has left a very profound impression on us. For example, the annual economic growth rate of as much as 9 percent is indeed an impressive figure because it shows that Vietnam is among the nations of the world with the highest economic growth rates. Changes for the better in Vietnam have attracted a large volume of foreign investment and have also helped your country overcome the negative consequences of the colonialist period and the protracted war that the Vietnamese people had endured. [end recording]

Next, President Kuchma informed the Vietnamese president of the general situation in Ukraine and of the achievements that the Ukrainian people have achieved in the process of socioeconomic recovery and national construction. He concurred with President Le Duc Anh's concepts on cooperation in the areas already discussed.

Following the talks, President Le Duc Anh and President Kuchma signed an agreement on the principles governing friendship and bilateral cooperation. Foreign Minister Nguyen Manh Cam and Ukrainian Foreign Minister Udovenko signed an agreement on scientific and technological cooperation and an agreement on avoidance of double taxation. Tran Dinh Hoan, minister of labor, war invalids, and social welfare, and Ukrainian Labor Minister (Pavsovykh) signed an agreement on employment and social security for Vietnamese and Ukrainian citizens.

President Kuchma paid a courtesy call to National Assembly Chairman Nong Duc Manh at 1430 this after-

noon. Afterward, he received Deputy Prime Minister Phan Van Khai. General Secretary Do Muoi received President Kuchma and his entourage at 1700 this afternoon. President Le Duc Anh and his wife gave a grand reception at the Presidential Palace this evening in honor of President Kuchma, his wife, and the distinguished Ukrainian guests.

SRV: Le Duc Anh, Ukraine's Leonid Kuchma Speak at Banquet

BK0904081996 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 8 Apr 96

[Report on a banquet hosted by president Le Duc Anh in Hanoi at 1900 on 8 April in honor of Ukrainian President Leonid Kuchma and his wife]

[FBIS Translated Text] Attending the banquet on the Vietnamese side were Mrs. Truong My Hoa, secretary of the Party Central Committee and chairperson of the Vietnam Women's Union; Dang Quan Thuy, vice chairman of the National Assembly; Nguyen Khanh, deputy prime minister; Nguyen Manh Cam, foreign minister; and many other high-ranking officials.

At the banquet, President Le Duc Anh delivered a speech welcoming his excellency the Ukrainian president, his wife, and other distinguished Ukrainian guests now on an official friendship visit to Vietnam.

[Begin Le Duc Anh recording] Your excellency the president and Madame Kuchma; distinguished Ukrainian guests; and friends: On behalf of the people of the SRV, I would like to warmly welcome his excellency the president and Madame Kuchma, and other distinguished Ukrainian guests on their official friendship visit to Vietnam.

In welcoming the distinguished Ukrainian guests, we are welcoming emissaries from a beautiful land, the Ukraine, which, endowed with an age-old civilization and an admirable history and traditions, is now moving on the path of independence and development.

The peoples of Vietnam and the Ukraine are inherently linked by a loyal friendship and finely-multifaceted cooperative relations. The Vietnamese people will forever be grateful for the valuable support and assistance given to them by the Ukrainian people during their national defense and construction. As a close friend of the Ukrainian people, the Vietnamese people are carefully monitoring and are very pleased at the many achievements recorded by the Ukrainian people in carrying out economic reform, maintaining political stability, and stepping up the policy of peace and cooperation.

We firmly believe that, led by his excellency the president, the Ukraine, with its position as a large

country in the region and with its abundant latent potentials, will unceasingly develop and prosper and will duly contribute to the cause of peace, cooperation, and development in Europe and the rest of the world.

Your excellency the president, the Vietnamese state and people have also attached importance to the need to consolidate the friendship and build the multifaceted cooperation with Ukraine. We note with pleasure that we have, over the years, exploited these opportunities for development and have achieved good results in various areas.

I believe that this official visit to Vietnam by his excellency the president together with the many friendly, frank, and useful exchanges of views and with the recent signing of many important documents will create new opportunities for us to strengthen the existing cooperative and friendly relations in conformity with the aspirations of the two peoples and in the interest of peace, cooperation, and development in the region and the world.

In this spirit, may I propose a toast to the happiness and prosperity of the Ukrainian people, to the existing close friendly and cooperative relations between our two peoples, and to the good health of his excellency the president and Madame Kuchma, the distinguished Ukrainian guests, and all the friends present. [end recording]

Next, President Kuchma delivered an speech in response:

[Begin Kuchma recording in Ukrainian with superimposed Vietnamese translation] Your excellency the SRV president and friends: First, I would like to sincerely thank you and other friends for having accorded a warm welcome to us in the time-honored and heroic land of Vietnam. Our country is fully aware of the noble characteristics of the Vietnamese such as their heroism, their desire for freedom and independence, their patriotism, their diligence, and their goodwill. Throughout their 4,000 year-long history, the Vietnamese people have overcome tough ordeals and the Vietnamese state has experienced many dangerous, occasionally tragic, incidents. However, there have been times when they have won glorious and brilliant victories. Now that Vietnam is an independent and sovereign country, it has recorded substantial achievements in economic development and social reform. Vietnam now holds high prestige in the world arena.

Just as the Vietnamese people, the Ukrainian people also cherish freedom and independence. Therefore, we highly value the political and spiritual support given by the SRV to the Ukraine. We always remember that

Vietnam was one of the first countries to recognize Ukraine's independence.

The first-ever official visit to Vietnam by a Ukrainian president reflects our profound respect for your land and people and demonstrates our determination to expand our multifaceted relations, which are of a constructive and mutually-beneficial character. All our hopes and expectations have been materialized. Through various frank talks held in an atmosphere of friendship and various profound exchanges of views, it is our common desire to do everything possible to expand and further improve our cooperation. This is only part of the many positive things marking our trip. The treaty on the principles governing the cooperative relations between the two countries and the agreements signed today occupy an important position in building new relations. The Ukrainian side will do everything necessary to open the Ukrainian Embassy in Hanoi at the earliest possible date. To make a long story short, we have together laid a reliable foundation for the edifice of friendship and cooperation between the two countries.

I firmly believe that the peoples of Ukraine and Vietnam will be excellent partners and reliable friends. We have sufficient political determination and desire to achieve this goal. As an old saying has it: After partaking of delicious food at a party, one will remember the party giver. We will forever remember the many cordial and warm meetings we have had with our Vietnamese friends.

May I propose a toast to the health of SRV President Le Duc Anh and his wife, to the friendly and cooperative relations between the peoples of the Ukraine and Vietnam, to the happiness of our two peoples, and to the health of all those friends present. [end recording]

SRV National Assembly Chairman Receives Ukraine's Kuchma

BK0904015596 Hanoi VNA in English
1543 GMT 8 Apr 96

[FBIS Transcribed Text] Hanoi VNA April 8—Vietnam always attaches importance to maintaining and boosting its traditional and time-honoured ties with Ukraine, stressed National Assembly Chairman Nong Duc Manh during his reception here this afternoon of Ukrainian President L. Kuchma, who began a three-day official visit to Vietnam earlier the day.

Chairman Manh expressed thanks to the Ukrainian people for their precious assistance and support to the Vietnamese people. He stressed that over the past time the two countries have exerted efforts to enhance bilateral cooperative ties and that potentials for those

ties are remained to be exploited. He expressed his wish that the two countries' legislatures will have more opportunities to share experience for the increase of mutual understanding and assistance in law building. He expressed his joy at the great achievements gained by the Ukrainian people over the recent past and briefed his guests of the progress made by the Vietnamese people in ten years of implementing the renewal process.

Mr. Manh said he wished the bilateral friendship and cooperation between Vietnam and Ukraine would be developed, thus making a contribution to national construction in each country, and for peace and stability in their respective countries and the world at large.

Speaking to his host, the Ukrainian president said the friendly and cooperative ties between the two countries would be effectively developed should a country create favourable conditions for the other country on the basis of equal cooperation.

SRV: Kuchma Meets Businessmen, Leaves for Ho Chi Minh City

BK0904110196 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 9 Apr 96

[FBIS Translated Text] This morning, after paying a floral tribute to the Bac Son War Dead Monument and to President Ho Chi Minh at his mausoleum, Ukrainian President Kuchma met with some 100 Vietnamese businessmen at the Government Guest House.

Speaking on this occasion, President Kuchma presented an overview of Ukraine's potential and achievements in the process of economic recovery and reform. He believes Vietnam and Ukraine are implementing their open-door policies and that the results of meetings with the highest-ranking Vietnamese leaders testify to the need for both countries to further strengthen cooperation. Ukraine has many advantages in engineering and motor production, industry, energy, metallurgy, and shipbuilding and Vietnam has great potential in the production of consumer goods and agricultural products. Therefore, the promotion of cooperation and goods exchanges will benefit the development of both countries.

In response to a question on bank payment guarantees and policies on the import-export of coffee, tea, handicraft and fine art products as well as agricultural goods, President Kuchma made it clear that Ukraine has a free and open market and is ready to create every condition for Vietnamese businessmen to enter joint trade ventures. Nonetheless, the two sides need to effect goods exchanges, organize contractual work, and invest in the establishment of joint enterprises.

President Kuchma left Hanoi for Ho Chi Minh City at 1045 to continue the second leg of his Vietnam visit. A solemn ceremony was held at the Presidential Palace Guest House to bid farewell to President Kuchma.

SRV: Economic Ties With EU, U.S., Japan, ASEAN Reviewed

BK0504145096 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 1 Apr 96

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In early 1996, an important event in Europe-Asia relations took place, that is, the Asia-Europe Meeting — ASEM-1. At that meeting, ties between Vietnam and European countries were also given a boost. In February 1996, the European Parliament passed by majority vote the Vietnam-EU cooperation treaty signed in July 1995. Mr. Ravenna Riccardo, EU ambassador to Vietnam, welcomed these events and expressed the hope that European countries would invest more in Vietnam. He said current EU investment in Vietnam is still modest. According to the Asia Strategy drawn up by the EU in 1994, Vietnam is an investment target. EU also wants to help Vietnam in rural education and environment protection, and in infrastructure construction. From these activities, EU will strive to turn Vietnam into one of its large markets.

Ties between Vietnam and the United States continue to develop following normalization. In January 1996, the two sides began holding talks on the signing of necessary agreements to restore normal trade relations. The pace of trade exchanges between the two countries and the proportion of U.S. investment in Vietnam have increased remarkably.

Vietnam regards relations with other countries in the Asia Pacific, and with ASEAN as the most important. Regional countries were the investment pioneers in Vietnam. The leader among the 35 investing countries in Vietnam is Japan, followed by Taiwan, South Korea, and Singapore.

A seminar on Vietnamese economy was held in Tokyo in March. At the seminar, the president of the daily Nihon Keizai Shimbun pointed out that Vietnam had achieved remarkable progress in its renovation and had

become an attractive investment destination. He added: It can be said that Vietnam is a rising star in the Asia economic horizon. The seminar was aimed at further improving Japan's role to help develop the Vietnamese economy.

Aided by Japan, other countries, and the Asian Development Bank (ADB), construction of Vietnam's vital National Highway 1-A project will begin in 1996.

South Korea is the third largest foreign investor in Vietnam. This is result of its decision to devote all management skills and financial resources to the various projects in 12 strategic countries, including Vietnam. It sees Vietnam as an important trade partner in Southeast Asia.

In compliance with an agreement signed between Do Muoi, general secretary of the Communist Party of Vietnam, and Jiang Zemin, his Chinese counterpart, the Hanoi-Beijing rail line was officially reopened on 12 February, thus creating favorable conditions for Sino-Vietnamese trade. China is Vietnam's prominent trading partner. Trade, which was put at \$1 billion in 1995, promises to increase in 1996 due to the reopening of the rail line.

In relations with ASEAN countries, Vietnam welcomed Malaysian Prime Minister Mahathir Mohamed who made his second visit recently, accompanied by many businessmen looking for investment and economic co-operation opportunities here. Prime Minister Mahathir said: Malaysia is especially interested in Vietnam because it wants to develop the Mekong subregion and the Indochinese region in which Vietnam is an important country. Malaysia and other Southeast Asian countries are accelerating their exploration and development of their ties with Vietnam as they share the same ASEAN roof.

Vietnam has also received considerable amounts of aid from various international organizations. The UN Development Program has provided Vietnam with \$722,000 in aid for its integration into ASEAN. Vietnam has also obtained \$178 million from the IMF to help it improve the effectiveness of its various reform programs now under way.

Vietnam has made important improvements in its legislative system. This is the general view of foreign economists and analysts. These improvements have had a remarkable impact on the expansion of Vietnam's foreign relations and in attracting foreign investors. In a book published in Tokyo in mid-February 1996, Mr. (Tadashi Ashan), a Japanese researcher and journalist, said: The renovation policy has turned Vietnam into a promising market.

SRV Commentary Reviews Relations, Cooperation With Japan

BK0804052096 Hanoi Voice of Vietnam in English
1000 GMT 5 Apr 96

[Station commentary]

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It was the third regular meeting between Vietnamese and Japanese Foreign Ministries. The Vietnamese delegation was led by Deputy Foreign Minister Vu Khoan and the Japanese by Deputy Foreign Minister Shunji Yanai. Both sides expressed satisfaction with the development of relations in political, economic, and cultural fields. Bilateral ties have been developed after the second consultative conference in December 1994 and the visit to Japan of party General Secretary Do Muoi last year. Both Vietnam and Japan now wish to expand comprehensive cooperation on the principle of equality for mutual benefit and for the development of each country.

The visit to Japan by Vietnamese Prime Minister Vo Van Kiet in 1992 and the reciprocal visit to Vietnam by his Japanese counterpart T. Murayama in 1994 as well as party leader Do Muoi's visit, together with exchanges of visits of all branches at all levels have had better mutual understanding and drawn the two nations closer to each other.

Economically, Japan has nowadays attached importance to economic cooperation with Vietnam through official development aid and investment. Understanding Vietnam's difficulty, Japan has stepped up its aid to help Vietnam promote its sustainable development. In October 1994, a Japanese Government high-level economic mission came to Vietnam to conduct a survey on Vietnam's economy. At Vietnam Donors Conference held in November 1994 in Paris, Japan declared to increase its overseas development assistance to Vietnam to 58 billion yen, approximately \$600 million, in the 1994 fiscal year. Most recently, Vietnam was granted \$35 million to restore 29 bridges in northern rural areas. It is the first non-refundable project by the Japanese Government to Vietnam's Ministry of Transport. In late March, Vietnam and Japan signed a document under which Japan loans Vietnam some \$700 million for the 1995 fiscal year at the 2.3 percent annual interest rate for 30 years. This includes a 10-year grace period before repayment starts. The Japanese Ambassador to Vietnam Mr. Kat-

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Mr. Manh said he wished the bilateral friendship and cooperation between Vietnam and Ukraine would be developed, thus making a contribution to national construction in each country, and for peace and stability in their respective countries and the world at large.

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sunari Suzuki said the next decade would be an important period of time for Vietnam to advance forward and Japan would be [words indistinct] at this stage.

The Vietnamese Government and people appreciate the assistance and cooperation of the Japanese Government and people. It is expected that potential cooperation between Vietnam and Japan will contribute to the development of Vietnam and the Asia-Pacific region as a whole.

SRV Officials Hold Economic Meeting With ROK Delegation

BK0904015796 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 5 Apr 96

[FBIS Translated Text] The Vietnam-ROK Joint Committee for Economic Cooperation held its third meeting in Hanoi on 4-5 April. The Vietnamese delegation was led by Deputy Foreign Minister Vu Khoan, chairman of the Vietnamese subcommittee, and the Korean delegation was led by ROK Deputy Foreign Minister Choi Dae-Hwa, chairman of the ROK subcommittee.

The ROK delegation was received by Deputy Prime Minister Phan Van Khai, Foreign Minister Nguyen Manh Cam, and Planning and Investment Minister Do Quoc Sam.

The two sides were content that relations between the two countries have developed well since the second conference in March 1995 in Seoul and especially since Party General Secretary Do Muoi's official visit to the ROK in April 1995. Economic, trade, and investment cooperation between the two countries were consolidated and have developed rapidly. The two sides reached an agreement on various contents and concrete measures to further expand various aspects of cooperation as agreed by the high-level conference between the two countries. The ROK side pledged to provide Vietnam with a second round of credit with preferential conditions from the Economic Cooperation and Development Fund's development aid program and a new round of nonrefundable aid to assist Vietnam's socioeconomic development projects in transportation and communications, energy, education and training, finance, and agriculture.

The two sides also agreed on measures to boost investment and trade on a more balanced basis and to widen cooperation in science, technology, construction, telecommunications, agriculture, natural resources, training, and labor. The two delegation leaders signed the minutes of the third session and agreed on the agenda for the next session.

SRV Deputy Prime Minister Receives ROK Official

BK0504153196 Hanoi VNA in English 1511 GMT 5 Apr 96

[FBIS Transcribed Text] Hanoi VNA April 5 — Deputy Prime Minister Phan Van Khai received here today South Korean Deputy Foreign Minister [FM] Choe Tae-hwa who is leading a delegation to the third session of the Vietnam-South Korea Joint Commission for Economic Cooperation.

Deputy Prime Minister Khai thanked the South Korean Government and people for their goodwill towards Vietnam by providing it with loan capital as well as in technical and professional training.

Deputy FM Choe Tae-hwa spoke of the similarities in history and culture of Vietnam and South Korea and the possibilities for mutual assistance and supplement in economic development between the two countries. He highly valued Vietnam's position as the bridge linking the Northeast Asian and Southeast Asian countries. He also pledged to grant with more assistance to cooperation projects in trade, finance, banking, construction, post and telecommunications, sciences and technology, labour and agriculture.

At the third regular session held here on April 4-5, the South Korean side undertook to provide Vietnam with more preferential credit in the second stage within the framework of development aid by the Economic Development Cooperation Fund (EDCF) as well as non-refundable aid for the development of transport and communication, power, healthcare, education and training, finance and agriculture of Vietnam.

The two sides reached agreement on measures to boost trade and investment on a more balanced basis and to expand cooperation in science and technology, construction, telecommunications, agriculture, training and labour.

Foreign Minister Nguyen Manh Cam and Minister of Planning and Investment Do Quoc Sam also worked with the South Korean guests.

SRV: Sixty-One Foreign Projects Licensed in First 3 Months

BK0704085296 Hanoi VNA in English 1500 GMT 6 Apr 96

[FBIS Transcribed Text] Hanoi VNA April 6 — The first quarter of this year saw 61 more foreign-invested projects licensed with a combined capital of USD 1.1 billion, according to the Ministry of Planning and Investment which further announced that these have helped to bring the total foreign-invested projects

licensed to date to over 1,450 capitalised at USD 19 billion altogether.

The majority of the new projects were in industrial areas, with service projects making up only five percent of the total. Some 28 existing projects saw their capital expanded by USD 169 million, while three others worth USD 5.6 million had their licences revoked. Fourteen projects with a combined capital of USD 43 million had their applications for investment licence denied for their failure to comply with the government investment policy.

Ho Chi Minh City now remains the country's investment magnet with 11 licensed projects worth USD 273 million, followed by Dong Nai Province with nine projects valued at USD 147.3 million, Song Be Province with 15 projects at USD 110.2 million and Hanoi with seven projects at USD 57 million.

The ministry also made known that foreign investment should exceed USD six billion this year, with USD five billion coming as new capital and USD one billion as expansions of existing projects. It is estimated that this year will see a lower growth of foreign investment, however, it will also witness a larger scope of investment capital. On average, capital invested in a project was USD 3.5 million in the 1988-1990 period, USD 16.5 million last year, and USD 16.6 million in the first three months of 1996.

According to economic analysts, the reason for this slow investment inflow is that it is high time for foreign investors to be involved in specific industries, sectors and regions as conforming to every step of economic structure changes in Vietnam.

A series of foreign-invested projects have been put into effective operations. In 1995, such projects produced 600,000 tons of construction steel, 50,000 tons of oil and lubricant, 30,000 bobbins of yarn, 35 million metres of cloth, 180 million litres of beer, and one million picture tubes. On the other hand, 13,500 ha of forest were covered in addition to high outputs of crude oil and assembled automobiles. However, only 740 projects valued at USD seven billion have operated to date.

At a seminar on policies of export-import and cooperation joint venture, investment in Vietnam organised by the Ministry of Trade on April 3, the director of the Trade Ministry's Investment Department, Mr Do Hoang Phu, revealed that in the 1996-2000 period, top priorities in Vietnam's investment sector will be given to the development of industrial and cash crops such as sugarcane, coffee, cashew, food processing, reforestation (at present, about eight million hectares of forest being left denuded). In industry, oil and gas production

will remain in the top place in addition to metallurgy, construction materials and high-tech industries. Projects on infrastructure development will be accelerated in order to make full use of ODA [Overseas Development Aid] funds as well as loans from the World Bank (WB) and the International Monetary Fund (IMF) and other sources in the forms of Build-Operate-Transfer (BOT) and Build-Transfer (BT). Additionally, priorities will also be accorded to the construction of air and sea ports, especially deep water ports accessible to freighters each with a capacity of 50,000 tons or higher, as well as cement and power plants.

SRV Minister Urges Greater Efforts for Industrial Growth

BK0704085496 Hanoi VNA in English
1525 GMT 6 Apr 96

[FBIS Transcribed Text] Hanoi VNA April 6 — Cabinet Minister Le Xuan Trifa, head of the Government Office, said at a press briefing here today that greater efforts will be made to obtain a rise of 14-15 percent in industry, keep inflation rate at less than three percent, and gross a total turnover of USD 1.8 billion for export, and USD 2.25 billion for import in the second quarter of this year.

Mr Trifa pointed out that the first three months of 1996 saw stable development in industry, agriculture, export-import and in other sectors, while inflation was kept at the rate of 4.3 percent, much lower than the same period in 1994 and 1995. He further said that the budget revenues increased 47 percent over the corresponding period last year.

SRV National Assembly's Three New Laws Publicized

BK0704085596 Hanoi VNA in English
1222 GMT 6 Apr 96

[FBIS Transcribed Text] Hanoi VNA April 6 — Three laws newly passed at the ninth session of the Ninth National Assembly on March 20, namely the Law on the State Budget, the Co-Operative Law and the Law on Minerals, were publicized at a press conference here yesterday.

The publication is under an order signed by President Le Duc Anh on April 3. At the conference, Finance Minister Ho Te, Deputy Minister of Planning and Investment Pham Gia Khiem and Deputy Minister of Industry Gia Tan Dinh presented major contents of the three new laws.

The Law on the State Budget comprising an introduction, eight chapters and 82 articles will come into effect in the budget year of 1997.

The Co-Operative Law, with 10 chapters and 56 articles, will be put into effect on Jan. 1, 1997, while the Law on Minerals consisting an introduction, 10 chapters with 66 articles will take effect as from Sept. 1 this year.

SRV: Le Kha Phieu Address at Politico-Military Institute

*BK0504132996 Hanoi NHAN DAN in Vietnamese
25 Mar 96 pp 1, 2*

[Address of Senior Lieutenant General Le Kha Phieu, member of the Political Bureau and secretary of the Party Central Committee, at the 11th party organization congress of the Politico-Military Institute]

[FBIS Translated Text] First of all, I would like to warmly welcome the comrade delegates to the 11th party organization congress of the Politico-Military Institute.

The objectives of this congress are to make preparations for the upper-level party organization congress, assess past work performance, set forth orientations and tasks for the days ahead, elect the new executive committee of the institute's party organization, and select delegates to the all-army party organization congress. This congress also witnesses the merger between the Politico-Military Officers School and the Politico-Military Institute. The merger is proof of the strength created by our unity and determination to make concerted efforts to turn the institute into a firm and strong one, capable of successfully carrying out its tasks.

The political report of the executive committee of the institute's 10th party organization provides a relatively correct evaluation of past activities, points out strong points and shortcomings, draws practical lessons, and sets forth the basic development orientations to the year 2000 and the action program for the 1996-1997 academic year. Because the report was meticulously compiled according to the direction of the party Central Committee Military Commission, it serves as the basis for this congress to discuss and reach correct resolutions to lead the institute's party organization to a new stage of development.

I would like to share with you some supplementary views.

As we still recall, the crumbling of the Soviet Union occurred soon after our party convened its seventh congress. Many people were very upset. Others were skeptical about the future of socialism. Hostile forces both at home and abroad feverishly staged counter-revolutionary activities. Our country faced very great challenges. Against that very complicated backdrop, together with the entire party and army, the party organizations of the

Politico-Military Institute and the Politico-Military Officers School firmly maintained their political and class stance and persisted in the struggle to safeguard the fundamental principles of Marxism-Leninism, Ho Chi Minh ideology, and the party-initiated renovation line. You, comrades, have made positive contributions to the army political indoctrination, strengthened the party's leadership over the armed forces, firmly maintained political stability, and fought against the "peaceful evolution" strategy, subversive activities, and attempts to depoliticize our armed forces. You actively joined the ideological and theoretical front against the dark schemes and attempts of hostile forces at home and abroad to undermine Vietnam's ideological foundation and cultural and moral values.

Military schools have integrated themselves in the national education system since the start of the postwar army-building stage. Besides the traditions, achievements, and strong points they have had in the war, military schools also display weaknesses and shortcomings. Being aware of contradictions and new requirements at an early date, the institute was quick to realize its shortcomings and weaknesses and adopted adequate and positive measures to rectify them. Thanks to diligence, correct orientation, unity, and singlemindedness, the institute as a whole has made improvements, made its presence felt among the system of army and state colleges and universities, and scored considerable achievements in many domains, especially in cadre training and scientific research. Being fully aware of the need for "unity of mind between the army and people," you have strengthened the relationship between your institute and party and state schools, party committee echelons, administrative organs, and the local people. Apart from showing the good nature of a political institute within the system of military institutes, this fine relationship has provided your institute with greater strength to successfully carry out its tasks and ensure sustainable development in the years ahead.

Enriched by its long history, diverse tradition, and academic and scholastic experiences and by firmly adhering to its set goals, the institute has satisfactorily fulfilled all its assigned missions. Various generations of political commissars, political and military cadres, and technicians trained by the institute have contributed to the cause of unit building and combat as well as to the many glorious victories of our armed forces. These comrades will eternally feel proud of and grateful to the school and their instructors. On behalf of the Party Central Committee Political Commission, I congratulate you and commend you for the achievements of the last five years — an important period, characterized as

a turning point of the renovation process now being carried out by our entire party, people, and army.

In a spirit of stern criticism and self criticism, communist party members must correctly evaluate their strong points and be aware of their residual shortcomings and weaknesses. Such a practice is an inevitable demand and also a source of strength for moving forward. As a cadre training school and also a scientific research center, and with its revolutionary character and its constant struggle to surge forward, the institute has recorded countless achievements. The institute must not feel complacent about this. I urge the congress to further clarify the weaknesses of the institute; to correctly evaluate the weaknesses and shortcomings displayed in its training, its multifaceted academic and research work, and among all its student classes and targeted personnel; and to come up with correct and effective measures to focus all the efforts of the party organization and the institute on recording ever greater achievements in the year to come.

The great shock to the communist and worker movement following the Russian October Revolution 70 years ago was the crumbling of the East European socialist countries and the Soviet Union — a great loss to the international revolutionary movement. After the initial psychological shock — a shock that only people with a firm political stance could overcome — some people vacillated and wavered. Time has now permitted us to restore our composure so that we can review the situation. The history of the revolutionary movement in our country and in the world shows that the communists and the laboring people have, at least on more than one occasion, met with obstacles and setbacks. It is true that revolution can never be an easy and straightforward path lined with fragrant and beautiful flowers. The revolutionary path is zigzag and fraught with ups and downs. In the second half of the 19th century, proceeding from being one of the many schools of thoughts of the workers movement, Marxism-Leninism won the hearts and minds of the militant working class and the laboring people. However, during various decades toward the end of the 19th century, capitalism entered a period of stability. Many communist and workers parties in the world were therefore no longer able to base themselves firmly on the scientific and revolutionary stance of Marxism in assessing the nature of the phenomena newly arising in capitalist society. Then came reformism — which, with the philosophy of "class regulation" and "class cooperation," advocates giving up the revolutionary struggle to put power back into the hands of the working class — started to spread among the communist and workers movement. Many socialist democratic parties also came into being. They re-

vised and discarded Marxism partly or entirely, gave up the realistic revolution, denied the Marxist parties' new-style organizational principles, turned Marxist parties into the clubs of opportunistic politicians, pursued the theoretical and political ideas of the bourgeoisie, and served the fundamental interests of that social class. When German fascism which, as a center of international reactionaries, allied itself with Italy and Japan, launched its all-out attack to destroy the Soviet Union and to achieve world supremacy, not a small number of people within the party ranks vacillated and lost their confidence. They uttered a shameful phrase: "Farewell to Moscow." Throughout the one hundred and fifty year history of the workers movement under the Marxist banner, the international bourgeoisie have noisily claimed that communism has been buried, that "the communist specter" has been warded off, and that "communism has come to a complete end." Now that the international socialist system has collapsed, an anticommunist ballad of various pitches and rhythms has again been echoing in the world. Careful listening shows that although there is new acoustic harmony and intensity, this ballad is nothing but a sequence of the old song. The Vietnamese communists and people believe that history has its own objective law of existence and evolution. Although the bourgeois socioeconomic format still has the ability to develop, the birth of a new civilization has exposed many new drawbacks. Capitalism will certainly be replaced as it has already become obsolete and unable to meet the people's welfare needs at a time when mankind's economic, scientific, and technological progress has reached a level that can better meet the needs of every individual and every household.

When the Soviet Union collapsed, various forces of imperialism and revisionism changed their assault strategy by resorting mainly to the economic and political fronts while combining violence with armed intervention in an attempt to eliminate the remaining socialist countries in the shortest period of time, including Vietnam. Nonetheless, reality proves that history has been and is proceeding on a contrary course to their wish. The new, most striking feature of the world situation since the collapse of the Soviet Union is the tenable foothold of the remaining socialist countries. The most eloquent proof of this truth is that our fatherland's national independence has been firmly maintained and our nation's socialist revolution is moving forward. The increasingly asserted socialist path in our country has recorded great achievements, thus enabling our country to shift into a new stage of development — the stage of accelerating industrialization and modernization.

The achievements recorded in our struggle and reconstruction during the past 60 years and in the renovation

undertaking set and led by our party during the past 10 years are the basis guaranteeing our firm foothold and development. The consistent development of national independence and socialism in our country is a living reality testifying to the law, the nature, and the objective content of our era, the era of the transitional period from capitalism [as published] to socialism starting from the August Revolution.

The consistent struggle of the remaining socialist countries, of the communist and workers' parties, the leftist forces, the people of the developing and underdeveloped countries, and the progressive people in the world for peace and stability, national independence and sovereignty, democracy and development, and for economic autonomy and national characteristics; and their struggle against economic embargoes and armed intervention, against using human rights to interfere into other nations' internal affairs, against the attempt to exert economic pressure, against taking advantage of scientific-technological achievements to gain optimal profit from people of the poor countries and exploit the local people, against trade transactions through politics in small countries, and against the attempt to sow division among nations and incite conflicts between ethnic groups, races, and tribes... all these testify to the fact that although some new phenomena have emerged in the fundamental conflicts of the era, they are still prevalent in an objective manner, regardless of the fashionable ideology on reconciliation and cooperation between classes.

In our country at present, various reactionary forces are making great efforts to carry out their fanatic schemes to eliminate socialism in our nation during the last years of the 20th century. They are striving to mobilize and reorganize various opposition forces in our country and integrate the forces that openly oppose our regime and the reactionary and criminal groups who tail after the trend of right-wing opportunism and revisionism. They have strengthened various fronts in their struggle, namely, the political, economic, ideological, cultural, and diplomatic fronts, and even resorted to rebellion and armed intervention in various forms to undermine us from the outside and within our party and political system. Concurrently, those who are isolated from our ideology, degenerate people, those engaged in corruption and smuggling, and those acting against discipline and law and ethics are the ones who cause losses to state property, destruction to the national economy, and damage to the prestige of our party and state. They are creating a favorable environment for the hostile forces and at the same time are the natural ally of these forces.

Since its coming into being, and in implementing the Ho Chi Minh thought, our army has taken political building

as a basis for building other domains, and this principle has become one of the victorious causes of our army in its execution of all tasks. This principle is now more important and carries a more urgent and essential nature than ever before. In the current political building, we must build and protect the characteristics of the worker class and the Army and build and protect our political system, ideology, and organization of the Communist Party so as to fight against all types of forces who are attempting to attack our political system, ideology, and our party organization in the Army in particular and in society in general.

It is not correct to say that nobody wants to "forsake ideological concepts," meaning forsaking Marxist-Leninist ideology to plunge into another ideological concept, or "neutralize all ideological concepts," meaning that the differences between capitalism and socialism are inflexible, dogmatic, and prevent our country from integrating into the world and becoming rich like other nations. Never before have so many noisy statements of "political platforms" been made by groups of so-called "patriotic people" inside and outside the country. Such statements may differ in detail but they all share one thing in common; namely, opposing Marxist-Leninism, Ho Chi Minh Thought, and socialism and overtly or covertly applauding capitalism. They hold that our country needs "independence and democracy" or "independence and development," but not any orientation for development, especially the socialist orientation.

It is necessary to point out that besides the attack on our party's ideological concept and political line, the attack on our party organization aimed at our party's organizational principles, organizational structure, and management structure is a danger that directly threatens the life of our party, which is the vanguard and the headquarters for our workers and people in the fight for national independence and socialism. Some are demanding the abandonment of the principle of democratic centralism. They hold that centralism leads to bureaucracy and authoritarianism and that only democracy is good. Others criticize the principle of collective leadership and individual responsibility. They emphasize that collective leadership leads to the reduction of individual responsibility but ignore the basic advantage of collective leadership. Some opine that in the current national construction, there is no need for the party to set up organizations in all political and social organs. They mistakenly hold that these party organizations will harm people's creativity and dynamism. Regarding the armed forces, some believe they should strictly be a military force that concentrates on combat readiness and fighting, and that the current structure allowing the party to lead the armed forces is inappropriate. In reality, this is a

conspiracy to "depoliticize" our people's armed forces and weaken the Vietnamese revolution in our current national independence and socialism undertaking.

Our entire party, people, and military look forward to the eighth national party congress. This congress has significant historical meaning. It marks an important turning point in the struggle for national independence and socialism in our country. It closely combines two strategic duties that concentrate on the acceleration of national industrialization and modernization under the socialist direction for the goal of prosperous population, powerful nation, and equitable and civilized society to make all ethnic groups, communities, localities, and families prosperous and happy. The ongoing industrialization and modernization undertaking affects all areas of the economy, finance, culture, society, politics, ideology, security and national defense, and internal and external affairs as well as developing all fields of the production force and production relations, the upper political structure, and the macroeconomic and microeconomic levels. This great undertaking involves a fierce, delicate, and complicated struggle between the two options for our nation and our working class: Independence or dependence; socialism or capitalism.

The cadres, party members, and soldiers of our armed forces are determined to choose the goal of national independence and socialism — combining the two strategic duties of national construction and protection of our socialist fatherland — and firmly comprehending the new and key duty of national industrialization and modernization. We are resolute in building a multisector economy under the market-oriented structure with state management and under the socialist direction with more concentration on the state and cooperative economies.

Our party not only combines Marxist-Leninism with the workers' movement but also with the patriotic movement. This is the founding basis for a communist party in a former colony. Our party lifts the banner of patriotism and implements the policy of great unity as taught by Uncle Ho. Our party respects and attracts all intelligent people and actively revamps its operation methods and leadership. Our party is set to maintain the characteristics of the working class, preserve the foundation of Marxist-Leninism and Ho Chi Minh Thought, and confirm the line of national independence and socialism. Our party also firmly maintains the principle of democratic centralism; organization from the central to the grass-roots level to enable the party to maintain a deep connection with the people, starting with workers, peasants, and intellectuals; and the principle of collective leadership and individual responsibility. The principle of collective leadership and individual responsibility is a guarantee of the correct organizational process

whereby all members of the organization have a high sense of collectivity, never place themselves higher than their organization, and never give themselves the authority to decide everything. Respecting the collective body and correctly solving collective and individual relations are the principles and characteristics of party members and revolutionary cadres.

Our party has always been resolute in combining national patriotism with the bright internationalism of the working class. We are pursuing a policy of open-door foreign relations on the principle of firmly maintaining independence and self-determination while diversifying and multilateralizing relations as well as learning and absorbing good things from foreign countries. We do not close our door to isolate ourselves from the world, but we should not pursue all foreign things blindly and without wise judgment, as in the current system. We know the value of money and that it should be used wisely, but we should strive not to fall into the syndrome of worshipping money, thinking its buying power can subdue everything. We understand that national independence and sovereignty, self-determination, socialism, and united comradeship among communists can never be bought.

We are resolute in the structure whereby the party has absolute and direct leadership over the armed forces. This structure is certainly not outdated. It has demonstrated its strength by ensuring success in the past periods of resistance and construction and the present undertaking of implementing the two strategic duties of construction and protection of the socialist fatherland. The structure possesses scientific as well as revolutionary characteristics and has been built from the realities of our active life. That leadership structure ensures success in all combat and construction duties of our armed forces, maintains class characteristics and political acumen, and is an essential factor in building our Army into a true people's revolutionary force that is effective, formal, modern, and capable of defeating all hostile forces in all circumstances, no matter how complicated.

Firmly maintaining the structure of absolute and direct leadership of the party over all aspects of activity of the armed forces and successfully implementing the political duties of the Army are the common duties of all party, Army, military, political, and technical cadres. The contingent of political cadres should volunteer to be the core force in the struggle to safeguard this structure. Your institute should be even more of a core force with your work in theory and generalized realities as well as in training Army cadres.

Looking back on the history of our Army, especially the history of party and political activities, we feel proud of the generations of political commissars and political cadres of the various periods of revolution, resistance, and construction. Typical esteemed cadres live forever with our party, people, and Army. Party Chapter Secretary Nguyen Van Hieu was on a ship with the registration number bringing weapons to the south when he was discovered and attacked by an enemy warship. He volunteered to stay on the ship alone and courteously executed his own party chapter resolution to blow himself up and sacrifice his beloved ship. Political Cadre Nguyen Viet Xuan was an exemplary model in fighting vigorously against U.S. aircraft. The slogan he chanted has never been forgotten by our Army: "Shoot straight at the enemy." The slogan not only demonstrates an iron will, but also reviews very precisely our effective air defense tactics and techniques.

As a training center for political cadres from the platoon to the tactical campaign level, from frontline cadres with a high education level to researchers and educators with scientific titles, and also as a continuing training center for Army command and technical cadres, the Politico-Military Institute has become ever more important for Army development in terms of politics.

That important role requires the institute to be able to produce cadres that are absolutely loyal to the people's revolutionary undertaking and who are unswervingly working class; able to absorb scientific knowledge; are keenly aware of reality; respect collective leadership; are able to organize and implement party and political work among the masses; love and care for all cadres and combatants; are persistent, patient, considerate, and exemplary in moral conduct and lifestyle; and have appropriate knowledge and acumen to raise the flag of Marxism-Leninism and Ho Chi Minh Thought and to win on the political-ideology-cultural front. As a social and human sciences center for the Army, the institute should try its best to build the scientific force and produce more and more talented and devoted researchers and educators, especially young cadres. You should try to build a core group of leading scientific cadres for each sector who are capable of conducting major science projects. The contingent of researchers should develop continually and the practical value of scientific projects should be improved constantly. Your institute also needs to expand its interaction and cooperation with other science establishments of the party and state and continue the process of perfecting the structure and research mechanism to make it light and effective.

To make the institute party organization pure and steadfast and the institute itself a comprehensively solid

unit, to enhance the militancy and competence of party organizations, to build a contingent of cadres with good quality and competence, to consolidate unity between the two amalgamated schools, and to be close and helpful to the people and administrative in the area of responsibility — these are duties of decisive importance and sources of strength that will help your institute fulfill all assigned tasks successfully.

SRV Minister Details First Quarter Statistics

BK0804101296 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 6 Apr 96

[Report by Huy Toan]

[FBIS Translated Text] Minister Le Xuan Trinh, director of the Government Office, held a news conference in Hanoi this morning to announce the first quarter results under the 1996 plan and major government measures to be carried out in the second quarter. Many general directors and editors in chief of mass media agencies at the central level in Hanoi and from Haiphong, Na Tay, Ha Bac, Hoa Binh, Nam Ha, Thai Binh, Ninh Binh, and Hai Hung attended the news conference.

According to Minister Le Xuan Trinh, the prominent feature of the first quarter was that all sectors and localities were able to maintain the same economic development rate as in the late months of 1995. Relatively comprehensive improvements were recorded in all fields and the economic sluggishness experienced in previous years was basically overcome.

In agriculture production, despite adverse weather — including a prolonged drought and cold spell — the northern provinces planted more than 1.12 million hectares of fifth-month rice. The southern provinces planted and harvested about 1.34 million hectares of rice. The production of winter-spring rice in the Mekong River delta reached 5.4 tonnes per hectare, a record rate. Total production in the delta reached 6-7 million tonnes in the first quarter.

In industrial production, the entire country achieved a total value equal to 23 percent of the 1996 plan, an increase of 13 percent over the same period last year. The output of all major products such as electricity, coal, crude oil, fertilizer, paper, textiles, silk, and steel increased.

Trade also enjoyed encouraging changes. Exports were estimated at \$1.31 billion, or 20 percent of the yearly plan, an increase of 24.8 percent over the same period last year. Imports were estimated at \$2.15 billion, or 23 percent of the yearly plan, an increase of 33.5 percent over last year. The good news was that of the more than \$2 billion in imported goods, \$800 million was for

equipment and spare parts and only \$310 million for consumer products, which accounted for 14 percent of total imports. This is the result of great management efforts by the government.

Especially encouraging results were recorded in budget collection and inflation control. Minister Le Xuan Trinh stated:

[Begin recording] Management of the budget has gone especially well this year compared to other years. Total collection is estimated at about 12.51 trillion dong, or 20 percent of the yearly plan, an increase of 47.3 percent over the same period last year. This is a high achievement resulting from great efforts by the financial and other sectors. Despite instability in budget collection, we must recognize that this is a victory in budget collection work. Budget collection in the first quarter fulfilled 20 percent of the yearly plan.

Regarding market prices, we already announced that the increase in the consumer price index was 0.9 percent in January, 2.5 percent in February, and 0.8 percent in March. Some newspapers reported that the inflation rate was 0.9 percent in March, but the official figure is 0.8 percent. That means the inflation rate was 4.3 percent in the first quarter. This is a lower rate than in the first quarter of the previous two years. The rate in the first quarter of 1995 was 7.5 percent and the rate in the first quarter of 1994 was 5.1 percent. If the first quarter is 4.3 percent, we can strive to keep inflation down to 6.5-7 percent in the first six months. This is a success, which inspires new prospects for us to keep inflation at around 10 percent. [end recording]

Apart from the aforementioned improvements, the execution of state planning in the first quarter also manifested limits and problems that need to be overcome. There was instability in budget collection, despite its high results. Funding for capital construction is low — only about 14 percent of the yearly plan. The price of paddy, sugar, and other products such as paper, steel, and building materials fluctuated in the first quarter. Trade results were low and not in proportion to economic development. Management in the finance, banking, and treasury sectors is still inadequate and social order and security is not really good. In order to overcome these weak points, according to Minister Le Xuan Trinh, in the second quarter the government will concentrate on funding capital construction, keeping the inflation rate under 3 percent, paying special attention to wage subsidies, improving social welfare benefits, and increasing assistance to specialized skills and professions and pensioners.

Minister Le Xuan Trinh clearly stated:

[Begin recording] We have introduced supplementary benefits and funding for surgery and antiepidemic programs in the medical sector. Second, we have increased subsidies for meteorological staff and officials working to prevent and control floods and typhoons and in coastal and air research and observation. Third, we have increased payments for independent pensioners with total incomes of less than 180,000 dong per month. Comrades, these measures have been introduced and you have reported them in your news. We have also increased the number of people who can receive work disability supplements and supplementary retirement benefits. These five types of benefits have been introduced.

After the introduction of these benefits, some sectors suggested more supplements. The government found that if the coverage of social welfare benefits is expanded too much, the state budget cannot fund it. [end recording]

The second quarter will witness many great political events — party congresses at the provincial level held by all localities and the eighth national party congress. Therefore, in order to fulfill the 1996 plan satisfactorily, in its operation and management the government will increase production of key industrial products such as cement, construction steel, electricity, crude oil, fertilizer, chemicals, and consumer goods.

The government will not allow a shortage of electricity in the dry season or a shortage of cement and construction steel. It will strive to reach an industrial development rate of 14-15 percent. The government will ensure the adequate circulation of goods and will maintain the total sale of consumer goods of 24-26 percent of the yearly plan.

To solve the difficulties suffered by Mekong River delta peasants, the government will use the Price Stabilization Fund to pay the bank loan interest so that more paddy can be purchased from peasants for storage.

In trade, the government predicts the total export value will reach \$1.8 billion, or 27.3 percent of the yearly plan. Imports will reach \$2.25 billion, including \$860 million for equipment, machinery, and spare parts and \$1.1 billion for materials. The government will strive to ensure that budget collection reaches 22.4 percent of the yearly plan and budget expenditures will be 22.1 percent of the plan, including 22 percent of the yearly plan to be spent on capital construction.

Australia

Canberra Announces Review of Trade Arrangements With South Pacific

BK0404065396 Melbourne Radio Australia in English 0500 GMT 4 Apr 96

[FBIS Transcribed Text] Australia has announced a review of its concessional trade arrangements with the south pacific. The foreign affairs minister, Alexander Downer, says Australia will consult widely in the region before making any changes to SPRTECA, the South Pacific Regional Trade and Economic Cooperation Agreement.

Mr. Downer said the value to the south pacific of concessional access to Australia was declining as Australian tariff levels fall. He said Australia needed to look at new ways to improve trade and investment flows in the region. Mr. Downer said the review would consider ways to deepen economic engagement between Australia and Pacific island countries. The aim would be to better help sustainable economic development.

Australia: Article Views Potential for Submarine Sales in Region

BK0904044796 Bangkok ASIA TIMES in English 8 Apr 96 p 9

[Article by Lachlan Colquhoun in Sydney: "Australian Submarine Politics Resurface"]

[FBIS Transcribed Text] In the vast but sparsely populated state of South Australia, a shipyard is building six new conventionally-powered submarines for the Royal Australian Navy.

The decision to choose South Australia as the site for the Australian Submarine Corporation (ASC) in the 1980s was reeking of the politics of the day.

Previously a home for the car industry, the state was an economic basket case and the local government, which shared the same Labor complexion as the then masters in Canberra, needed a big, prestigious project to splash across the front pages. More importantly, it needed something to soak up unemployment.

Now, two of the six submarines built by the ASC are undergoing sea trials, and the remaining four are approaching completion. Meanwhile, the politicking is building up again.

The state has one of the highest levels of unemployment in the country. Thus the loss of a major industry — with nothing on the horizon to replace it — would be a big blow, economically and politically.

With the life of the original project coming to its conclusion, the pressure is on to find new markets for the submarines.

And with both state and national governments now of the Liberal persuasion, and senior members such as new Foreign Minister Alexander Downer being loyal South Australians, there is a strong push for those markets to be found. But this poses foreign relations and investment dilemmas for the new Liberal-National coalition government in Canberra.

Now, the South Australian submarines are simultaneously embroiled in scenarios involving both Taiwan and Malaysia.

There's talk that Taiwan wants to buy 10 of the submarines in a deal estimated at around A [Australian] \$6 billion (US\$4.7 billion).

This would not be the first time the Taiwanese have tried to buy the Australian submarines. Back in 1994, a Taiwanese delegation visited South Australia and expressed interest in buying six of the vessels. But at that time — with Labor in power — then Foreign Minister Gareth Evans was swift to rule out the sale as a "definite no-no".

Australia's consistent "one-China" policy made such a sale unthinkable in 1994. Unless the new government has moved 180 degrees in its policy on Taiwan, it should scotch rumors of a sale before they can even begin.

Just before the March 2 election win, new Foreign Minister Alexander Downer said: "Regarding Taiwan, the message I will deliver to the Taiwanese is that a declaration of independence would be an act of real provocation. They already have a great deal of independence, there is no need for them to take that step."

That would seem to be an unequivocal endorsement of the existing one-China policy. Yet a month into his tenure, Downer seems prepared to let the possibility of the submarine deal persist. How the new government can even allow the possibility to linger is amazing in itself.

Fewer things could contribute to an assertion of Taiwanese independence than a flotilla of ten of the most lethal submarines in the world, and Downer knows it.

The "Collins class" submarines, constructed from an original Kockums chassis design, are widely considered to be the best conventionally-powered submarines in the world.

In fact, some say they are at least 10 years ahead of the nearest rivals.

Australia has long targeted arms exports to the region as an area for potential growth. Selling the submarines to Taiwan must be an immense temptation.

And Canberra is not receiving much help from the South Australian state government, which has not ruled out the possibility of the sale.

Seeing how the arrival of a new plane for Qantas blew out the monthly current account, the state and national governments probably think that moving a few submarines worth several hundred million dollars every now and then could be just the tonic for the external deficit problem.

In relation to Malaysia, the submarine politics are more in the area of foreign investment, and are tied inextricably to the short-listed A\$2 billion bid by Australian company Transfield for the upcoming Malaysian patrol boat contract.

In what could be a positive sign for the bid, it has emerged that the leading Malaysian company involved in the patrol boat project — Penang Shipbuilding and Construction — has signaled it wants all or part of Kockums' 49 percent stake in ASC.

The Swedes are bidding separately for the Malaysian contract. And people close to the bidding have been privately expressing for some time their disquiet with the fact that through its ASC equity Kockums could have an involvement, even if it misses out on its own account. If the Transfield bid is successful, ASC is expected to carry out some of the work.

While this does raise some foreign investment questions, the government in Canberra should in principle be more agreeable to Malaysian equity than sales to Taiwan.

After all, the Malaysian navy has been begging its government for submarines for some years now. And if the request is granted, then the ASC would be in the box seat for the contract if it had a Malaysian link.

Large defense projects could lead the way in improving the relationship between Canberra and Kuala Lumpur. Their ties recently have thawed in the wake of the change of government in Canberra.

It would be interesting to know, however, how the Malaysians would view ASC selling submarines to the Taiwanese, if one of their leading companies was a significant shareholder.

And in the meantime, anyone wanting to buy what is a pretty good submarine should clear it first with Downer.

Australia: Article Views Lifting Cease-Fire on Bougainville Island

BK0804132796 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 25 Mar 96 p 8

[Article by Rowan Callick: "End to Ceasefire Spells Triple Trouble for Chan Government"]

[FEIS Transcribed Text] The descent of the Bougainville conflict back to full scale civil war signalled by the announcement by the Prime Minister of Papua New Guinea (PNG), Sir Julius Chan, of an end to the 18-month ceasefire, presents his Government with triple trouble.

For it is battling to cement a radical new local and provincial government structure, legislated last June, and to implement a comprehensive range of social and economic reforms, agreed under a structural adjustment program signed last August with the World Bank, IMF, Australia, Japan and the Asian Development Bank.

The army's return to combat on Bougainville will cost PNG an extra unbudgeted \$40 million to \$50 million per year. In the past 18 months, its principal role has been to try to safeguard the return of normal services to the island.

The move hurts any hopes of access to the copper mine, about 9 per cent of whose equity will be sold through the planned float of the PNG Government's Mineral Resources Development Corp mid-year.

Australia, which substantially supplies and trains the PNG security forces, has ruled out taking a more active role. The Minister for Foreign Affairs, Mr Alexander Downer, said: "The Australian Government does not believe that there can be a military solution to the Bougainville problem and calls on all parties to the conflict to exercise restraint."

Mr Downer, who visited Bougainville almost a year ago, said the Australian Government would like to see the peace process revived.

The Bougainville rebels are far from unified. They achieved one of their principal goals — ethnic cleansing — soon after warfare began in late 1988, with the departure of virtually all non-Bougainvilleans, while at the same time they have effectively rejected their own intelligentsia.

While some still have strictly political goals — relying heavily on internationalising the conflict, especially by involving the United Nations or the Commonwealth others retain cargo cult loyalties while others are playing out tribal disputes that have endured for generations. There is no single organisation or command structure

with which the Government can negotiate in the hope of ending the conflict at a stroke. And the strength of traditional goals undermine more modern aspirations.

But while Chan's Government has put top priority on resolving the conflict, it has failed to offer any political accommodation to signify an apprehension of Bougainville's special circumstances — such as a referendum at some stage, as France agreed to do to calm insurrection in New Caledonia.

The renewal of the conflict puts the Premier of Bougainville, Mr Mirung — a former acting judge of PNG and one-time legal and constitutional adviser to the rebels — in a particularly awkward situation, for he continues to argue for continued talks combined with gradual restoration of services.

Sir Julius says responsibility for this rests with the rebels: "The normal life of an entire province has been crushed... I will not allow it to continue. The Bougainville conflict has been manipulated by the rebels and is now a nasty guerrilla action. It is a sniper's dirty war. The longer we are prevented from beginning rehabilitation, then the further Bougainville will slide down to anarchy and degradation."

Australia: Report Claims Tough Reserve Bank Policy 'Choking' Economy

BK0804132396 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 29 Mar 96 p 23

[Report by Selwyn Parker]

[FBIS Transcribed Text] Is the tight-money policy of New Zealand's Reserve Bank choking the economy? As 90-day bank bills rose to 9 per cent late this week — their highest in six months, the National Bank of New Zealand's economists joined a growing body of opinion that the central bank is too tough.

The Reserve Bank was trying to "run a Ferrari on unleaded 96", the National Bank claimed yesterday in its latest monthly bulletin, referring to a petrol designed for older cars. "We believe conditions are too tight and an easing is necessary." The central bank should introduce a softer line as soon as possible, but certainly no later than June, it said. Since unleaded 96 is a fuel that can lead to engine problems, the National Bank's view is a tough one.

But it reflects other judgements, including those of Westpac economists who said yesterday the economy was slowing faster than the Reserve Bank believed and was endangered by too tough a monetary policy.

"We feel that the risks of a significantly weaker outlook for economic activity have increased," they said.

The growing arguments against governor Dr Don Brash's hard line follow last week's Reserve Bank statement that a combination of tax cuts, house price and construction inflation, plus a rebound in retail spending threaten the bank's 2 per cent ceiling for underlying inflation.

Therefore, monetary conditions would remain tight for at least 18 months and GDP growth would slow to 1.5 per cent.

Dr Brash warned that there was no room for any easing in monetary conditions "for some time".

However, the National Bank is questioning the transparency of some of the central bank's methodology "their short-term operations are murky". Its own index suggested that monetary conditions were "too tight".

The economists say that the central bank had put clamps on the economy even though conditions had become "unambiguously tighter" since December. Therefore, conditions were either too tight or the Reserve Bank had found new evidence it had not yet disclosed that the economy was stronger than previously thought. Few have found this evidence.

Westpac's economists clearly believe the central bank has got it wrong. They believe the rising exchange rate (a major worry for the Reserve Bank) will fall if the current account deficit widens, as predicted, and if employment and house prices slow.

We believe that as the economy slows, inflation pressures will ease and 90-day bank bill rates will fall towards 9.0 per cent over the medium term," Westpac maintains. At the same time, the rapid appreciation of the \$NZ would reverse, with the TWI [expansion unknown] falling to an average 63.3 in the March 1997 quarter before rising to 64.6 by March 1998.

Australia: Article Discusses Government's Handling of Budget Cuts

BK0804123396 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 27 Mar 96 p 21

[Article by Des Moore: "Budget Cuts Within Our Grasp"]

[FBIS Transcribed Text] The new Federal Government aims to convert the presently expected underlying Budget deficit of \$7.3 billion [Australian dollars] in 1997-98 to underlying balance and to achieve this through \$4 billion of measures in each of the next two years, "overwhelmingly through expenditure reductions".

As these present estimates of the Budget outlook exclude the cost of additional promises of about \$2

billion a year which the Coalition made during the election, the gross expenditure cuts required in the second year will be around \$10 billion a year.

Moreover, particularly given that the Commonwealth should be making a positive contribution to saving, it would be desirable to make an even larger expenditure reductions so as to move the Budget into underlying surplus.

But where can those apparently large expenditure reductions come from and is it politically "realistic" to expect that such cuts be made? After all, even the modest proposals for cuts of about \$2 billion per annum by the Coalition during the election were strongly challenged.

Firstly, given the squeeze applied during Labor's 13 years in power, there is a strong *prima facie* case for not reducing total grants to the States. This is particularly so given that it would be desirable to avoid further increases in the more narrowly based State taxes.

As well, there is potential to effect large reductions in the spending area which hasn't been squeezed — the Federal Government's own purpose outlays — and still leave them at an historically high level for the post-Whitlam era.

Of course, some will argue that these increases in own purpose outlays are justified by the increase in "social" problems. However, the need for government to provide services, and in particular to assist less fortunate members of the community, should become less as per capita incomes rise and as an increasing proportion of the community can afford to pay the full cost of services and is generally more able to take care of itself.

Indeed, it seems absurd that over the past 25 years social security assistance alone has doubled to 10 per cent of GDP while at the same time average real income levels have increased by about 40 per cent. Assistance is now provided to about 23 per cent of the working age population compared with only 12 per cent in 1973. Vote buying by the major political parties has been a major factor in the increase.

To achieve significant savings, the focus must be on the four main areas of own-purpose expansion under Labor — social security, health, education and labour programs. Cuts should also be made in departmental running costs, in the explosion of grants to special interest groups and in the funding of special interest quangos.

But these are not big ticket items and savings in them, though welcome, will not go far in the aggregate. Apart from net interest savings from privatisations,

further reductions are largely contingent on cutting or eliminating programs in the four areas specified.

Although the Government has stated that it will not cut social security benefits and that it will retain Medicare, that does not preclude it from targeting the assistance provided under these and other areas of spending on the needier groups. Nor should it preclude a "toughening" in the eligibility requirements for such assistance. Greater emphasis could be put on self-help or family-help, particularly among middle and higher income groups.

A paper I published last year identified potential for saving nearly \$10 billion a year in the four areas mentioned above (with most coming from social security and health) and \$15 billion to \$16 billion overall. Space does not permit a complete itemisation, but the main cuts proposed were:

Annual Savings	\$m [million] (1994-95)
Sole parents pension (reduce eligibility)	\$1,000
Unemployment benefits (tougher tests)	\$1,380
Migrant benefits (introduce two-year wait)	\$350
Pensions (reduce eligibility, enforce residency, offer deferral)	\$550
Child care (substitute tax rebate)	\$500
Suspend indexation of pensions	\$900
Medical services (introduce co-payment)	\$1,000
Hospitals (introduce co-payment)	\$450
Pharmaceutical benefits (increase charges but safety net)	\$574
Austudy (tighten eligibility)	\$300
Post-secondary student assistance (reduce eligibility)	\$500
Reduce funding for public housing construction	\$500
Privatise ABC/SBS	\$583
Rationalise labour market programs	\$987
Contract out CES services	\$300
Freeze ATSIIC grant	\$100
Abandon Development Import Finance Facility	\$130
Reduce Super entitlement to SGC requirement	\$100
TOTAL ABOVE	\$10,204

Lowering own-purpose spending by \$10 billion a year by 1997-98 may sound a mammoth task. It would,

however, involve a cut of less than 7 per cent in total (presently) estimated spending in that year of more than \$140 billion.

It would also do no more than take own-purpose spending back to the relatively high levels which existed when Labor came to office in 1982-83. There is ample scope to achieve the Government's objectives and more.

New Zealand

New Zealand Editorial Reviews Malaysian Prime Minister's Visit

BK0804125796 Christchurch THE PRESS in English
1 Apr 96

[Editorial: "Mahathir's Visit" — received via Internet]

[FBIS Transcribed Text] The visit of the Malaysian Prime Minister, Mahathir Mohamed, to New Zealand was bound to be a lively event. In slightly more than three days in the country last week, he made several observations about domestic issues in New Zealand, was verbally attacked by the leader of New Zealand First, signed some significant agreements between New Zealand and Malaysia, inaugurated a chair of Malay studies at Victoria University of Wellington, and expedited several business deals between Malaysian and New Zealand firms. It was a memorable and apparently very successful visit.

Dr Mahathir wandered into the immigration debate, though as always with his eyes open. He argued, accurately enough, that New Zealand could not discriminate against Asian migration at the same time as it sought closer relations with Asia. Winston Peters said that he should not lecture New Zealand, and that New Zealand was not an Asian nation. On the point of New Zealand's belonging to Asia, Dr Mahathir said he was glad that New Zealand identified with Asia. On Maori grievances, he said some were justified, and he seemed happy to pronounce with certainty that the Maori people had originated in Asia. He defended Malaysia's right to hang drug smugglers, including those of foreign origin.

This willingness to enter into domestic topics as well as formal bilateral relations gave the visit a certain unpredictable charm. Apart from a minor exchange with Mr Peters, Dr Mahathir did not seem to leave too many feathers ruffled. If someone had gone to Malaysia and made public comments about domestic issues, ruffled feathers would have been among the more minor reactions. Nevertheless, many might feel that New Zealand was treated reasonably by the man who, about a month ago, gave the world the unforgettable quote: "Asian values are human values; European values are European values."

New Zealand and Malaysia signed a working-holiday agreement under which young New Zealanders and young Malaysians will be able to go to each others' countries to work for a period. Such an agreement already exists between Japan and New Zealand. It is the first such agreement Malaysia has signed with any country, and the first such agreement New Zealand has signed with a South-east Asian country. An excellent accord, it will certainly deepen people-to-people ties between New Zealand and Malaysia.

In the past, many personal ties have come from Malaysians who have studied in New Zealand under arrangements such as the Colombo Plan. Those links have served New Zealand well because several Malaysians educated in New Zealand rose to high Government rank in Malaysia and retained an affection for this country. Having links to high circles in Malaysia is still, to some extent, available for New Zealand. Those links may be missed once they are gone. Although 2063 Malaysians were enrolled in New Zealand secondary and tertiary institutions last December, and might retain some affection for this country, the circumstances are different. The working-holiday agreement will not have the same effect as the earlier education arrangements.

The chair of Malay studies at Victoria University is sound idea. New Zealand needs centres that specialise in studying Asia. Various scholars of aspects of Asia are scattered around the country. Having a professorial chair in Malay studies gives a heightened status to that subject. The department will initially concentrate on politics and international relations and gradually include language and other subjects. Other agreements made during Dr Mahathir's visit included education and defence co-operation, as well as broadcasting co-operation for the forthcoming Commonwealth games in Kuala Lumpur.

Dr Mahathir brought about 40 senior business people as well as some senior Ministers with him, and several deals between New Zealand and Malaysian firms were concluded. New Zealand seems to deal reasonably easily with Malaysia, which is its biggest export market in the Association of South-east Asian Nations. Malaysia was New Zealand's 13th biggest market globally in 1995. Provisional figures for last year show that New Zealand exports to Malaysia reached \$433.7 million and that New Zealand imports from it totalled \$373.9 million [New Zealand dollars]. The exports had increased by 10.8 per cent on 1994 and the imports had increased by 53.7 per cent (mainly because of a rise in petroleum products). Education, consultancy services, and tourism are not included in the trade figures but still account for a large part of the economic relationship.

The ties between New Zealand and Malaysia cannot help but grow in importance. Malaysia's links with the Islamic world as well as its continuing high growth rates (9.6 per cent in the third quarter of 1995, making for 8-10 per cent a year in the last nine years) will themselves be important factors in the relationship. Last year, Dr Mahathir was re-elected Prime Minister for another five-year term. He, no doubt, will also be a factor contributing to the way in which the two countries regard each other.

New Zealand Government Position 'Precarious' After MP's Defection

BK0804042696 Christchurch THE PRESS in English
4 Apr 96

[Report by Jeremy Kirk — received via Internet]

[FBIS Transcribed Text] Wellington — Prime Minister Jim Bolger has ruled out an early election after the defection of Heretaunga MP Peter McCardle to New Zealand First.

Labour MP Jack Elder also announced he was joining New Zealand First yesterday, giving the increasingly popular Winston Peters-led party five MPs.

In little more than two years Mr Bolger has lost nine caucus members to third parties, but the latest defection puts National in a precarious position.

Mr McCardle's sudden departure changes the National coalition Government from a majority to a minority one and reduces the number of votes it can count on in Parliament to 49, including support from coalition partner United New Zealand's seven MPs and Christian Democrat leader Graeme Lee.

In contrast, opposition parties now have 50 seats in the House, including Labour (41), New Zealand First (5), Alliance (2), and Conservative Party leader Trevor Rogers, and Independent MP Ross Meurant.

Provided the Government does not lose any more MPs, it will need agreement from other parties — and, in the case of Alliance-Labour-New Zealand First opposition, Mr Rogers and Mr Meurant — to get legislation through.

Mr Bolger said yesterday Mr McCardle's defection was "quite amazing" given he had pledged to stay with National three weeks ago.

While it would make government "a fraction more difficult" his expectation that National would stay in office until an October or November election had not changed, he said.

Mr McCardle's departure angered many National MPs, including Mr Bolger, who has been infuriated by New Zealand First's focus on immigration as an election issue.

Mr Bolger said he hoped Mr McCardle felt comfortable with Mr Peters — "but I will never be a racist to get votes and if Mr McCardle feels that is good politics, well, that is him."

Mr McCardle said he had joined New Zealand First because he had not been able to make a major contribution to employment and welfare policy as a National MP.

New Zealand First had picked up on several of his ideas in the past and he was convinced, after talking to Mr Peters, that his party had a greater commitment to a more compassionate and locally driven employment policy than National.

Mr Elder, who was widely expected to leave Labour after being ranked only 44 on the party list, said the Labour Party no longer represented the values of the people he represented in Parliament.

In addition, New Zealand First represented the best opportunity for New Zealand to have a sound government in the delicate period after the first MMP [mixed member proportional electoral system] election, he said.

New Zealand Government Sells Commercial Radio Stations to Consortium

BK0804102896 Christchurch THE PRESS in English
4 Apr 96

[Report by Jeremy Kirk — received via Internet]

[FBIS Transcribed Text] The new owners of Radio New Zealand's [RNZ] commercial arm say they will promote more New Zealand music, retain Sports Roundup and plan no significant involuntary redundancies before 1997.

The Government announced yesterday it had sold Radio New Zealand's 41 commercial radio stations for \$89 million [New Zealand dollars] to an international media consortium led by New Zealand-based publishing company Wilson and Horton, with Australian and United States partners.

The deal, which includes Newstalk ZB, an advertising production studio, and Radio New Zealand Sport, is subject to the outcome of possible legal action opposing the sale, led by the Maori Council and the Maori Congress.

Last month the Commerce Commission cleared the way for the Wilson and Horton-led bid, saying that, if

successful, it would not lead to a domination in markets for advertising and news.

The Labour and Alliance parties disputed this yesterday, issuing warnings about the effect media "cross-ownership" could have on New Zealanders.

All three partners in the consortium, called the New Zealand Radio Network, have links to Irish media magnate Tony O'Reilly.

Wilson and Horton, owners of the "New Zealand Herald" and several provincial papers and magazines, is 45 per cent owned by Independent Press Ltd, a company controlled by interests associated with Dr O'Reilly.

Another partner in the consortium, Australian Provincial Newspapers (APN), is more than 50 per cent owned by Ireland-based Independent Newspapers Plc, which is 30 per cent owned by O'Reilly family interests.

The other consortium partner, United States-based television and radio company Clear Channel Communications, with APN, jointly owns Australia Radio Network, whose chief executive is Nigel Milan, a former chief executive of RNZ.

State-Owned Enterprises Minister Philip Burdon said he was pleased with the sale price, which reflected well on the competitive tender process.

Taxpayers should be pleased that the Government would no longer be in the high-risk business of owning a string of rock and talkback radio stations, he said.

Successful consortium chairman John Maasland said Radio New Zealand's commercial arm was already a brand leader in the radio market and would receive further investment and development to ensure it remained the leading force in New Zealand radio. Sports Roundup would be retained and more New Zealand music promoted, he said.

The sale was quickly condemned by the Alliance Party as the continued "selling out of this country to overseas interests".

Leader Jim Anderton said that in accepting the bid, the Government had created a dominant media owner in Auckland who controlled the "New Zealand Herald" as well as the two top-rating radio stations.

"That is very bad news for small businesses like car sales companies and furniture shops that depend on a competitive media market," he said.

Mr Anderton said it was "extremely disturbing" that the successful bidder had been advised by Mr Milan, who left Radio New Zealand with inside knowledge of its finances.

Labour broadcasting spokesman Graham Kelly said he was concerned the Government had actively shut out New Zealand bidders from the sale process.

Papua New Guinea

Papua New Guinea: Sir Julius Urges Malaysian Businessmen To Foster Trade

BK0404074196 Melbourne Radio Australia in English 0500 GMT 4 Apr 96

[FBIS Transcribed Text] Papua New Guinea's (PNG) prime minister has invited Malaysian businessmen to join their PNG counterparts to foster regional self-reliance and stimulate investment and trade in the Asia-Pacific region. Speaking in Kuala Lumpur at a luncheon hosted by the Malaysian Chamber of Commerce, Sir Julius Chan told his hosts that his government has given high priority to downstream processing of PNG's raw materials. Sir Julius said his visit, and that of chief executives of key firms in PNG's private sector, indicates the increasing interest Malaysian firms are taking in PNG.

Solomon Islands

Solomon Islands Official Welcomes Future Diplomatic Ties With Malaysia

BK0804034696 Melbourne Radio Australia in English 0500 GMT 7 Apr 96

[FBIS Transcribed Text] Solomon Islands Government (?welcomes) a proposal by Malaysia for Solomon Islands-Malaysia Friendship Society. Foreign Affairs Minister, Deputy Prime Minister Danny Philips says the suggestion is a very noble, useful, and practical idea. Mr. Philips says Solomon Islands and other Pacific island countries are [word indistinct] towards Asia and Malaysia to learn from their experiences in development efforts of nation building. He says the government plans to set up a diplomatic mission soon in the Malaysian capital, Kuala Lumpur.

Solomon Islands: Bougainville Blames PNG for Collapse of Peace Efforts

BK0804034996 Melbourne Radio Australia in English 0500 GMT 7 Apr 96

[FBIS Transcribed Text] The Solomon Islands-based spokesman for the Bougainville Interim Government (BIG) has blamed the Papua New Guinea (PNG) Government for the collapse of Solomon Islands-brokered peace efforts for the island. Martin Miriori says the Bougainville peace office has recently been destroyed by fire along with communication equipment, including

a wireless set and a fax machine. He says the office is unable to contact secessionist leaders on Bougainville and the outside world. Mr. Miriori says, with the communication equipment gone, he has been unable to give orders to BRA [Bougainville Revolutionary Army] fighters. The peace office has facilitated the peace efforts on behalf of the Bougainville Interim Government and the military wing of the BRA. Mr. Mirioir says PNG had itself to blame for the escalation of renewed fighting between the BRA and government soldiers on Bougainville. He says future peace talks for the island cannot be ascertained. PNG ended its 18-month cease-fire with the Bougainville rebels last month.

Solomon Islands Providing 'Humanitarian' Aid to Bougainvillians

*BK0504071796 Melbourne Radio Australia
in English 0500 GMT 5 Apr 96*

[FBIS Transcribed Text] The Solomon Islands says the help it has been giving to people fleeing the secessionist uprising on Bougainville is of the humanitarian nature. The information director in the prime minister's office, (Johnson Honamai), says the government rejects suggestions that its assistance amounts to support for the Bougainville rebels. There has been a renewed focus on the status of Bougainvillians in Solomon Islands following the end of the cease-fire on Bougainville last month.

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